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ECONOMIC AND DEMOGRAPHIC CONSEQUENCES OF IMMIGRATION

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BEFORE THE

SUBCOMMITTEE ON
ECONOMIC RESOURCES, COMPETITIVENESS,
AND SECURITY ECONOMICS

OF THE

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ECONOMIC AND DEMOGRAPHIC CONSEQUENCES OF IMMIGRATION

WEDNESDAY, MAY 21, 1986

Congress of the United States,
Subcommittee on Economic Resources,
Competitiveness, and Security Economics
of the Joint Economic Committee,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:04 a.m., in room 2220, Rayburn House Office Building, Hon. James H. Scheuer (member of the subcommittee) presiding.

Present: Representatives Scheuer, Lungren, and Fiedler.

Also present: William Buechner and Chris Frenze, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, PRESIDING

Representative Scheuer. There is a Democratic caucus that is still in process. So we're trying to find out when it's scheduled to finish, and I'll let you know within a moment or two.

As a courtesy to my colleagues, presumably some of whom would want to attend this hearing, I'm going to delay the start of the hearing and the taking of testimony for just a few minutes.

If we find out that there's going to be a considerable delay with the caucus, then we will go ahead promptly. But, give us another 5 minutes or so to see whether a little collegial courtesy would bring some of our colleagues to the podium with me.

Thank you.

[A 5-minute recess was taken at this point.]

Representative Scheuer. We were just informed that the caucus will go on until 11 o'clock. So, doing a balancing act, trying to balance the convenience of my colleagues and the convenience of the witnesses, we've decided to go ahead with the hearings. [Pause.] Congressman Lungren, a very hard-working member of this Joint Economic Committee, is planning to be here about 11 o'clock.

I think we'll start.

The Subcommittee on Economic Resources, Competitiveness, and Security Economics will come to order. I'd like to welcome all of you to this morning's hearing, the first in a series of hearings this subcommittee will hold on the effects of demographic change on the United States.

The purpose of these hearings is to examine how shifts in demographic behavior will affect our Nation's economy, our society, our culture, particularly as we enter the 21st century.

The demographic changes that, of course, affect us are changes in the birth rate—fertility, changes in the death rate—mortality. And then human beings who move around.

These are the factors that add up to the sum total of demographic change.

Today's hearing will focus on new entrance into the United States—immigration—both legal and illegal and how they affect our society.

Welcome, Congresswoman. We're happy to have Congresswoman Bobbi Fiedler with us this morning. The Democratic caucus is still going on, Bobbi, and is expected to continue until 11.

Dan Lungren, hopefully, is coming over and, hopefully, we'll get some Democrats, too. I'm just making a few opening remarks and I'll be happy to yield to you. And then we'll get on with the witness.

Representative **Fiedler**. Thank you.

Representative **Scheuer**. OK. Delighted to have you here.

So, today's hearing will deal with immigration—a tidal wave of illegal immigration that is affecting our country and will affect it in profound and awesome ways in the future.

The hearing on Thursday will deal with the economic consequences of immigration. And next week's hearing—next Thursday's hearing—will center on the impact of immigration on our Nation's society, all kinds of profound societal implications of the tidal wave of illegal immigration, which is besetting us at the present time.

I deeply regret having this hearing at a time when, at least for the next 40 minutes, the Democrats will be in session, in caucus; and I deeply regret that next Thursday, as it turns out, will be during a recess. That wasn't planned that way.

It was planned to be a working period but we have important witnesses who have made long-range plans to be here, coming from out of the region—Governor Lamm of Colorado, and others—and again we have a Hobson's choice here:

Do we cancel the hearing, since it now falls in a recess, or do we continue with it?

And I suspect we'll continue with it as a courtesy to Governor Lamm and others.

These three hearings should be remarkably interesting.

The population growth rate in the United States and the composition of our society, as in all societies, depends on those three factors that I just mentioned: fertility, mortality, and migration—movement of people across transnational borders and within the country.

All 435 Members of the House have felt that last phenomenon, the movement of people within our borders, very acutely, because we have a reapportionment every 10 years to reflect the movement of people within our borders.

And for anybody who has come from Congresswoman Fiedler's State, where they're adding Members of Congress every 10 years, we are contributing those congressional seats to California as a result of the fact that we have population ebb from the Northeast and from the Midwest corridor to the South, the Southwest, and the West.

And so Members of Congress of all shades and description are very acutely aware of the effects of the movement of peoples, migration, internal migration on the country's well-being and on their individual well-being.

Although the Federal Government collects timely and accurate data on births, deaths, and legal immigration, which, of course, we have very well under control, there's very, very little accurate information available concerning the number and the characteristics of illegal aliens in our society and the implications of the vast flood of illegal aliens crashing over our borders, which this year will approach the 2 million mark.

The Census Bureau estimates that, in 1985, we had 3.8 million births and 2.1 million deaths in our country. Additional population growth came from the entry of approximately 600,000 legal immigrants, bringing the official increase in the U.S. population to about 2.3 million people for 1985.

That's roughly 1 percent of our population, of about 240 to 242 million people. But these statistics do not take into account the tidal wave of illegal immigration flowing across our borders at an unprecedented pace, and probably growing. And perhaps growing at an exponential pace.

Estimates of illegal entry range from a low of 1 million to more than 3 million annually. This year, the official Immigration and Naturalization Service estimates are in the 2 million range.

Despite the unavailability of accurate figures on illegal immigration there's ample evidence that we're facing an explosion of illegal immigration.

We've had these statements coming from Border Patrol personnel. I have visited the borders on a number of occasions in the last 20 years. On the last occasion, just a couple of months ago, under the leadership of Congressman Charles Rangel and the Select Committee on Narcotics.

We know that in January of this year, the INS apprehended 131,000 illegal aliens trying to cross our border illegally, without documentation; which was about double, or at least a 50-percent increase over the arrests made in January of the previous year, 1985.

The prospect of a better life, political and personal freedom, and enhanced employment opportunities are some of the powerful incentives that pull millions across our borders. The incentive to come here, the pot of gold that lies at the end of the rainbow.

And there are equally strong push factors that energize them to leave where they are:

Soaring unemployment, hunger, poverty, disease, political and economic instability, frequently harsh, cruel oppression of dictatorial and authoritarian governments.

These are the push factors that send aliens leaving their country—for almost everywhere. The pull factors are the magnet that bring them to our shores.

It's also common knowledge that counterfeit documents, which are easily available for a couple of hundred dollars, enable would-be immigrants once they are in our country, to prove that they lived here for any number of years, enable them to achieve residency and, hopefully, one day, if we have an amnesty provision in our laws to achieve citizenship.

And any illegal alien coming across our 2,450-mile border with the Republic of Mexico can easily obtain documents for a few hundred dollars proving that his ancestors came over here on the *Mayflower.*

So, unless our Nation adopts a coherent policy to cope with illegal immigration, our Nation's economy, our labor market, our educational system, our health programs, our unemployment insurance programs, our entire safety net for all segments of the population are likely to be overwhelmed.

And we of the Congress have to cope with this. The failure to cope with it would produce unimaginably tragic results for our country.

I very much hope that these hearings will shed some light on this serious problem, and I welcome the testimony from very distinguished witnesses.

And before we start taking testimony, I'm happy to yield to my hardworking colleague on this committee, Congresswoman Bobbi Fiedler of California.

OPENING STATEMENT OF REPRESENTATIVE FIEDLER

Representative **FIEDLER.** Thank you very much, Mr. Chairman. And I would like to commend you for having the wisdom to call these hearings. I regret that I probably will not be able to attend the one that will be carried on next week, but I will look forward to seeing the testimony from various witnesses.

As someone who lives in southern California, I obviously see the full scope of the impact of illegal immigration in this country. Each month, they are apprehending 50,000 illegal immigrants coming across the border in the San Diego area alone. And as a result of that, obviously, there are enormous costs to finance the handling of those individuals.

And they say that for every one that they actually capture there are three to four that get across that are never captured.

As someone who formerly served on the Los Angeles Board of Education, I see the impact from another perspective as well. I see the tremendous impact of housing and schooling costs because of the American-born children of illegal aliens.

One of the biggest problems that we have in the southern California area with illegal aliens is trying to accommodate the very rapid expansion in the population in the school systems providing them adequate education, providing them programs that permit the transition from languages other than English into the English language so that they can become more proficient.

They face many problems in terms of exploitation. There is a whole underground economy that has been developed around large segments of populations, like the ones in southern California, because of the sheer volume of the people entering.

And, in large part, that comes as a result of the economic disadvantage that they face in their own countries. And it is hard to try to reflect upon where we would be if we were stuck in a situation where we can neither feed nor clothe nor house our families and right, a few miles over the border, there were other options that we felt we were willing to risk taking the illegal step of coming into this country to have some of those basic necessities.

As for myself, I have strongly supported efforts to beef up the Border Patrol. I frankly do not think that there is anything short of maintaining strong border enforcement to stop the flow of illegal immigration.

It's absolutely essential in my opinion that we gain and develop an effective guest worker program so that in those areas where we need labor and there is a willingness on the part of another group of people outside of the United States to supply that labor force, that there is a realistic and humane way in which to bring them in to the marketplace to supply those resources.

It's my understanding that some $24 billion each year is defrauded from the Federal Government by the use of fraudulent documents. My colleague touched upon that. It is very, very difficult for an employer to determine whether or not the documents which they are looking at are legal, since the Federal Government isn't able to do it with all the giant bureaucracies and resources that we have.

For me, I just feel strongly that the cost is enormous in terms of the human cost itself, as well as the taxpayer cost. In my area, I know they're spending about $100 million a year at the county level on services for illegal aliens. It goes well into the billions of dollars a year in the State of California in collective groups of services which have to be utilized for health care, educational care, and other care.

So it is a very major problem, both in terms of humane problems and in terms of an economic problem.

I look forward to hearing the testimony of the various witnesses today to see whether or not you might shed some light on the problems, so that we can find a realistic way to solve it, and not simply shift it from one year to the next without any serious attention to it.

Representative SCHEUER. Thank you very much, Congresswoman Fiedler.

Our first witness to open this set of hearings is Ray Marshall, formerly Secretary of Labor of the United States, 1977–81. Professor Marshall is a member of the Economic Policy Council of the United Nations Association, a trustee of the Carnegie Corp., and chairman of the board of the Institute for the Future.

That blast should give you sufficient credentials to inform us today, Professor Marshall. We are delighted to have you and we look forward to what you have to tell us.

STATEMENT OF RAY MARSHALL, PROFESSOR, LBJ SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF TEXAS

Mr. MARSHALL. Thank you, Mr. Chairman.

Representative SCHEUER. I might say your entire statement will be printed in its prepared form in the record. So you might feel free just to chat with us informally for 10, 12, or 15 minutes, and then I am sure we will have some questions for you.

Mr. **MARSHALL**. Good, I would like to do that. I have a longer prepared statement.

But let me start by commending you and this subcommittee for holding these hearings.

I think that immigration is one of the most important domestic problems that the country faces. It is a complex and controversial issue, as you know, and the ecomomic implications are not as well understood as some of the demographic implications, and I think that it does have important longrun economic implications for the competitiveness of this country.

And therefore, it is a good idea to get the facts as rapidly as we possibly can because I think that of all the political issues I have ever dealt with this is the most complex, and it is very difficult to get a political solution but we must have a political solution, and I think the longer we wait the harder it will be to get that solution.

So I think there is some urgency in trying to move as rapidly as we can to a solution.

Let me preface my comments by making a few observations and then a few conclusions.

Representative **SCHEUER**. There is some question as to whether we have received your prepared testimony.

Mr. **MARSHALL**. No; you have not, and I apologize for that. This is not a good time of the year for professors because of the end of the school year, but I have one and will get it to you.

Representative **SCHEUER**. Very good.

Mr. **MARSHALL**. The first point that I would like to emphasize is that it is extremely important to distinguish the problem of illegal and legal immigration. The impact is very different in the two cases.

Legal immigration and refugees have been very important to this country, have made a rich and important contribution, and I think that we will continue to be a country of immigrants and absorb immigration, but I think it ought to be legal, that the real problem is the fact of illegality, the fact that we have a large and growing underclass of people who live outside the protection of our laws, who are easily exploited and therefore will create serious longrun problems for us.

Whatever we say about the economic implications of immigration is irrelevant to the fact that we must have legal immigration. There is no justification in a society that believes in the rule of law for any kind of illegal activity, and I say that because a lot of people seem to assume that because they can show that the economic implications are not as great as commonly assumed that therefore illegal immigration is all right, and I think that is a very dangerous assumption even if you grant the assumptions about impact.

Let me state my own conclusions about the impact of illegal immigration on the United States, and it seems to me that there is strong evidence for all three of these conclusions, especially the first two.

The first is there is no question that illegal immigration depresses wages and working conditions for legal residents of the United States, and it seems to me the evidence on that is just overwhelming.

Representative SCHEUER. Would you repeat that?

Mr. MARSHALL. Yes, sir. I think the evidence is overwhelming on the fact that illegal immigration depresses wages and working conditions for legal residents of the United States.

The second conclusion is that there is no doubt in my mind either that there is displacement of workers from jobs, of legal residents from jobs in the United States as a result of illegal immigration. I don't believe that it is one for one. I think that there is room for disagreement over the magnitude but no disagreement over the fact that it tends to happen.

Representative FIEDLER. Could you describe how you gathered the information on that element?

Mr. MARSHALL. Well, of course, I think one of the most important recent studies is of your own southern California, "The Fourth Wave," which was published by the Urban Institute. I think that is one of the best studies, and they support all of those conclusions as well as the fact that if you look at State and county taxes relative to benefits in southern California—Los Angeles County, that the benefits are roughly twice the taxes paid by the immigrants.

I would hasten to point out two things about that study, as you read it.

One is that the summary is very different from the text, so that you have to be careful about how you interpret the information. I read their text as implying much more displacement than they imply. But the numbers are all in the text, and I will have those numbers in my full statement. And what you do is by inference, and as I will remark—we might as well do it here.

I think it is very important to recognize that you will never be able to prove beyond any doubt what the extent of displacement is. The main reason for that is in the first place you will never be able to hold other things constant except for immigration status, and that makes it very difficult.

So what you do is look at the facts, and the facts about southern California are that, first, wages have increased a good bit less in southern California than in the rest of the country in the same industries and that there is an inverse relationship between the proportion of immigrants in a workplace or occupation and the extent of wage increases, and that is fairly straightforward.

It is also fairly clear that a very large part, two-thirds of all the new jobs in the decade of the 1970's in Los Angeles County were held by immigrants and that you had substantial out migration, according to the Urban Institute study and according to the Census data, of blue collar workers who work in the same occupations as the immigrant workers and you have had a decline in the work force of legal residents of the United States in Los Angeles County.

Now, the trouble with that study, of course, is it is hard to impute to the rest of the country what happens in Los Angeles County. Most of these studies tend to be episodic and tend to be case studies of particular places, and therefore it is very difficult to make inferences about them to the larger society.

It seems to me, though, that the evidence suggests that you can specify the conditions under which people are likely to be displaced, and obviously if you have a labor market, as the California labor market has been, with above average unemployment—in 12 out of the 14 years studied by the Urban Institute, the California employment rate was higher than the national average, and therefore it is not a tight labor market by any means. And I think that the more unemployment that you have in a labor market the more displacement you are likely to get.

You might be able to argue that during a time like World War II, when the labor market is very tight and when there really is a shortage of workers with the characteristics of the immigrant workers, that the immigrant workers promote economic growth because they make it possible for you to expand the economy and don't therefore necessarily displace people.

But during a time like the present, with substantial unemployment in the United States, I think there is displacement, and you find it out in a variety of ways whether there has.

First, of course, you look at the numbers and make some inferences from that, and then you try to disaggregate the numbers as much as you can and look at particular situations.

And I think the second important condition besides the looseness or tightness of the labor market is the nature of the job; that is, some jobs you have difficulty finding people in the United States to fill. That doesn't mean that you can't do it or that if you did other things you couldn't make those jobs attractive to people in the United States. But it would be a mistake to infer that the undocumented workers are only in the low-wage occupations because the longer they stay in the United States the more they spread out into other occupations.

During my time as Secretary of Labor, between 1977 and 1981, we had a program—we called it the Employers of Undocumented Workers Program—in which we found large numbers of undocumented workers in the construction industry, for example, and that certainly is not a low-wage industry, by any means.

Now, so that if you are talking about better jobs, then it is hard to argue, it seems to me, that we couldn't find people to do that work. I don't know any occupation in the United States that is held entirely by illegals, and that is the reason I am skeptical of the conclusion that the illegals only take work that people in the United States will not take.

But obviously the more undesirable the job, the more difficult it would be to attract people. But there are some attitudes of employers that you have to try to take into account, and they also make it very difficult for you to answer the question of the extent of displacement.

Representative **Fiedler**. May I just make a point here, though?

Mr. **Marshall**. Surely.

Representative **Fiedler**. When you take a look at a State like California, and to some degree it is unique in terms of its welfare program, the average family of four is receiving $15,000 in combined nontaxable benefits in that State if they are on welfare. The choices between that and a minimum wage job at, you know, $3.25, $3.50 an hour is roughly cutting the income in half.

So why should they go out and fill those low-waged jobs when they don't have to do it, can receive a welfare check, have all the benefits that come with that, and actually live a higher standard of life and there is another group who is willing to come in and, for whatever their reasons, whether it is because they want to simply get a foothold here or because they happen to be in transition themselves, are willing to fill those jobs?

So, you know, maybe in a State where their welfare benefits were substantially lower, the competition for that marketplace might be very different—or for those jobs might be very different, but there is a substantial labor pool that could by, let's say, their availability in a city like Los Angeles fill some of those lower waged jobs but it is an economic disincentive for them to do it.

Mr. MARSHALL. I agree, and I think that we ought to pay attention to that. I think our welfare system is an abomination and we ought to try to do whatever we can with that.

Representative FIEDLER. You agree.

Mr. MARSHALL. I think it is particularly unwise to have what we have in California and other States, and that is the disincentive for people to work because of the heavy tax on their earnings if they in fact do go to work. If you put a 95-percent tax on the earnings of people, you are going to create a disincentive to work, and my own view is that we ought to create incentives for people to work, and I think my experience has been that when you do that people will in fact work.

They want to work, and the idea that people don't want to work seems to me to be really not substantiated by the evidence.

But I think on the employer's side you have to look at several realities, too.

One is that for many jobs employers prefer the illegal workers because—for a variety of reasons. One is they are a dependable supply of labor in marginal low-wage jobs that otherwise might have a high turnover.

I have studied that in Texas, and I know that to be the case, that employers in fact consider the illegals to be better workers for certain kinds of jobs.

And, of course, the other thing that I am absolutely convinced of from my experience as Secretary of Labor is that employers prefer people who are easily controlled, and therefore the fact that the undocumented workers have limited control of their own affairs makes it very difficult to enforce the labor laws and also makes it very difficult to determine whether or not legal residents of the United States would have obtained those jobs.

I actually tried that a number of times with employers who hired foreign workers to try to get them to agree to hire domestic workers if we could recruit them and I rarely had much success with that because if you discharge a foreign worker or threat to discharge, it is a pretty potent threat.

The second thing about that is that employers frequently insulate themselves from labor cost and perpetuate marginal low-wage jobs by having a surplus of labor in those conditions, using things like the piece rate, for example, which gives management no incentive to improve productivity in those jobs, even when you can—our experience is that you can reshape the jobs and substantially improve productivity and therefore wages and competitiveness of American industry.

So I think all of those things enter it.

Now, the clear choice that the employer has is several choices besides using illegals.

One is he could raise wages, and the Urban Institute study suggests that the wage increases in southern California for low-income Hispanics was 16 percent, less than the national average, which meant it was a very profitable undertaking for those employers in southern California.

Now, with that kind of profitability, other things employers can do is raise wages. The second thing they could do would be to improve management and mechanization to improve the productivity of those jobs and then, third, go offshore, which is what many do.

Now, I think that from the standpoint of the competitiveness of American industry we have to recognize that we are not going to be able to compete with the Third World in wage competition. If we try that, we will lose it, and therefore we ought not to try to compete in wage competition.

A lot of that industry in southern California, as in Texas, is on its way to the Third World, and if we try to compete we have to recognize in the Third World Mexico is a high-wage country and therefore we won't be able to compete. We have to compete by improving productivity, and I think that the steady flow of illegal immigrants into the United States makes it very difficult to improve productivity, and therefore I think that we ought to do whatever we can to halt that steady flow.

Representative SCHEUER. Could I ask you a question on that?

Mr. MARSHALL. Surely.

Representative SCHEUER. Does the flow of illegals into this country make it difficult to improve productivity because they are working at such a low rate that when the employer does his cost-benefit calculus it doesn't pay him to install labor-saving machinery?

Mr. MARSHALL. That is part of it. I think that if——

Representative SCHEUER. Or is it the fact that being largely illiterate mostly in their own language and almost always in English, they have trouble learning to use labor intensive, more productive aids to their productivity?

Is it a question of capability, or is it——

Mr. MARSHALL. Yes, I think education is terribly important and that, in my view, the single most important thing we ought to do to improve the competitiveness of American industry is massive improvements in education and especially for minorities.

See, by the year 2020 we will have 91 million minorities in the United States. They will be 34 percent of the population as contrasted with 17 percent now. They will probably be almost 40 percent of the work force, and therefore our future depends on the education of those workers, and I think the steady reinforcement of immigrants who have limited education makes it very difficult to upgrade those people.

Representative SCHEUER. Well, we have 20 percent of our adult work force in this country illiterate.

Mr. MARSHALL. Yes.

Representative SCHEUER. And that itself is a terrible thing.

Mr. MARSHALL. But to answer your question, I think that most workers, most of these workers, with proper kinds of programs can become literate. You know, we have a lot of experience with literacy programs. We ought to go full speed ahead with that.

I believe that those workers can learn, but they first have to get literate. It is hard to learn many other subjects unless you have basic education, and once you get that then you can move steadily ahead.

So there are several aspects of the low-productivity problem. One is you perpetuate marginal low-wage jobs that don't really require high levels of education and which are better done in the Third World, as by Third World standards they are good jobs, and therefore many of them should go to the Third World. If we cannot pay—my attitude about it is if we cannot pay prevailing wages at the minimum end of the scale in the United States, then we are better off letting them go offshore.

Representative SCHEUER. So you don't accept the argument of employer groups that the existence of a low-paid illegal immigrant work force makes possible the perpetuation of whole industries which couldn't survive here without that low-wage structure?

Mr. MARSHALL. No, I don't accept that, and I think that that could well be, but the question is: Are we better off with those industries?

Representative SCHEUER. Right.

Mr. MARSHALL. I think we do perpetuate some of those industries, but I am absolutely convinced that there are other options and that in the long run our best option for those jobs is mechanization.

Representative FIEDLER. I would really like to disagree on two points.

One is the fact that these people that are coming in are uneducated. They may be undereducated compared to the American standard, but it really depends upon the individuals. In some cases they have educations that are equal too.

Having represented the entire city of Los Angeles and large segments of east Los Angeles, you will see high-aptitude levels in mathematics. The biggest problem in terms of the education is language difficulty, and it is as a result of the language difficulty that you see the high level of dropouts.

The second point that I would like to make to you, it is not that they cannot learn. Not only do they learn, but they learn very well and very rapidly, and that is why they have so effectively filled in a certain economic niche in a broad range of different types of fields.

They are highly motivated workers, and that is part of what makes them very attractive, not just the fact that there is a readily available supply of workers but that they know the alternative is not to eat, not to take care of their family. That is very different than someone who knows the alternative is simply to go to the welfare line and pick up a welfare check. And so you have that dynamic that is coming in here.

I also feel—and this is a personal reflection on this issue—that for us to accept the idea that we should let large numbers of industries systematically leave this country, leaving us nothing more than a service-oriented kind of society, is a major mistake on our part.

Mr. MARSHALL. Yes, I wouldn't say that.

Representative SCHEUER. Wait a minute. Professor Marshall isn't saying that at all.

Mr. MARSHALL. I agree with everything you said. In fact, that was my point, is that these people can and do learn, but you have to make it possible for them to learn English.

Representative FIEDLER. I agree with that.

Mr. MARSHALL. In fact, in our San Diego Job Corps Camp we had a good program to teach English to people with—during my time we had people who were illiterate in 23 languages, but they were coming out with English.

And I think there is no question about the motivation, the fact that people will learn and that you do have some fairly well-educated people and that they tend to be in the groups from which they come the best educated people of that group. But that still is not adequate.

See, most of the people in the United States don't have adequate education for a competitive society. I also believe that we ought not to let our manufacturing industry go offshore, but we are not going to be able to compete with places like Korea and even Japan or Mexico in a marginal low-wage industry that can be done anywhere, and it seems to me that if we are going to be a relatively high-wage country then we only have—you can compete according to three propositions.

You can compete according to wages. You can compete according to management systems and organization, or you can compete with technology.

Well, if we try to compete with wages, we will lose it. There is a modern factory not far from Seoul that I heard about from an American manufacturing company there that has well-educated people. The Korean population has a high motivation to be educated. They work 7 days a week, 12 hours a day, with only 2 days off a year, and they make $3,000 a year, and by Chinese standards that is high wage. And these people are better educated or at least as well educated as their counterparts in the United States because they give heavy weight to that.

As one Singapore official put it to an American manufacturer, he said, you came here because of low-cost labor; you will stay here because of the quality of our labor.

Now, that is the competition, and if we think we are going to in Los Angeles County compete with people with that kind of motivation and that kind of frame of reference, then I think it is going to be very difficult.

We can compete in manufacturing, and I think we must compete in manufacturing. I don't think you will have the service industry without manufacturing. Most high-wage service work is related to high-wage manufacturing.

You are not going to get the bank and insurance business if you lose the manufacturing business, especially if you lose it to the Japanese or people in the Pacific Rim. The bankers that own the manufacturing company will see to it that their banks get that business, as they are in California. They are beginning to move into the banking industry and take over services.

A major area of international competition is construction, where we have had a substantial advantage. The largest advertising firm is not in the United States. It is in Tokyo—in the world—and they, because of their industrial organization, will keep those jobs.

Now, my view is that we will be able to sustain the kind of wages that we have in the United States if we educate our people, if we train our people, and if we keep a technological edge and if we see to it that these management systems tend to be better than they are. Many of our management systems—I think the jury is still out on whether the management systems in our basic industries will get to world class. They are not world class now.

In our automobile industry, for example, I think that on a level playing field, which means if we didn't do anything else, that the Japanese would put us out of the automobile business, even if we equalize——

Representative SCHEUER. Is that partially due to the fact that we pay automobile labor approximately twice the industrial wage?

Mr. MARSHALL. That is only part of it. There is a recent study that indicated that if you equalized hourly wages between the United States and Japan for subcompact cars you would eliminate 25 percent of the differential of about $2,000 a car between the United States and Japan.

The other factor on that list tends to be productivity, where the Japanese have a unit cost advantage.

The second thing on that list is that their fringes cost them a good bit less than they do here. Health care cost, for example, is a fraction of what it is here per hour, per automobile. Unemployment compensation is very low relative to the United States.

The big differentials though, are in white-collar differentials in the United States—we have many more layers of supervision and management than they have in the typical Japanese plant, and that differential is much greater than the hourly wage differential for blue-collar workers between the United States and Japan.

Representative SCHEUER. We will try to get your focus back on the immigration business.

Mr. MARSHALL. All right.

Representative SCHEUER. Professor Marshall, you have been fascinating on this subject and I would love to invite you back some other time to discuss the question of our national productivity because I don't think there is any more important question that our country has to face up to than that single one question: How do we make ourselves productive? How do we make ourselves a competent, effective competitor in global commerce?

But for the moment this morning, we are narrowing our focus to the problem facing us of how do we cope with both legal and illegal immigration, and I don't think either of us have any problem with coping with the 600,000 level of legal immigration. We are concerned with the problem of illegal immigration and its implications to us.

So if you would proceed with your testimony on the immigration question.

Mr. MARSHALL. Well, let me quickly, Mr. Chairman, just list what seem to be to be the things that you need to do to bring illegal immigration under control.

There are actually two mutually supportive ways that you could do it. One would be to try to control the border; that is, try to seal the border.

The second would be that you remove the motive; that is, that you make it difficult for people to work in the United States illegally.

A third one that I would add to that list is that we ought to take the profit out of the exploitation of illegal workers in the United States by vigorously enforcing our labor laws, and I commend to your attention the Employers of Undocumented Workers project that we had between 1977 and 1980, which demonstrated that this could be done and with relatively meager resources, and that that is an important way to take the profit out of exploitation of low-income workers.

I don't believe that we are going to be able to seal the border, and I think what we have to do, I think we ought to improve our enforcement, we ought to give many more resources to the Immigration and Naturalization Service, we ought to use the latest technology and be able to do that. We have made improvements there, but we still have a long way to go, in my judgment, before we do an adequate job with that.

But I also believe we have to have employer sanctions and that that is the thing that has to be orchestrated very carefully.

First, that you need to avoid discrimination. I think the Hispanic groups are correct, that if you duck the identifier question, then you are going to encourage discrimination against people who look foreign or sound foreign, and I think if you are going to have employer sanctions it is terribly important not to leave open this traffic that we have now in documents and to try to seal that.

In my time as Secretary of Labor, I also served on the Select Commission on Immigration and Refugee Policy. We prepared for this select commission a system that I commend to your attention, which would not require workers to carry cards, wouldn't try to use the identification, the Social Security card, but would have a system where the worker would need to get a number, new workers and new hires, and then turn that number into the employer, and the employer's sole obligation would be to call an 800 number and verify the number and write that in the worker's file and leave it up to the—I don't think we ought to require employers to enforce immigration laws. But if you do that, then I think the system can be developed with modern technology, with very little information that would meet the legitimate concerns of everybody without yielding to the illegitimate.

There are serious civil liberties issues involved in the use of the Social Security card. I think it is not the issue of my ability to identify myself. I think the real question with the Social Security card is twofold:

One, that our information system has been accumulating errors since 1935 and therefore if you added this it would probably cause it to be very difficult.

The second one is the privacy question, which strikes me as real, and I personally have never been too convinced that if I have the ability to identify myself that somehow diminishes my liberties.

Representative SCHEUER. How about a worker identification card?

Mr. MARSHALL. Well, I think you could give a number and you could do that.

Representative SCHEUER. Every other country in the world has that.

Mr. MARSHALL. Yes.

Representative SCHEUER. I don't know of another industrialized western democracy——

Mr. MARSHALL. And I will have in my prepared statement a description of that system, a fuller description, and it seems to me that it is worth paying attention to. It costs some money, but I don't think it costs as much as the GAO's estimate of the cost of using the Social Security card.

Representative SCHEUER. How about a worker identification card that would not include the elderly, it would not include the——

Mr. MARSHALL. Well, I think there is a way to phase in a system so that a worker could get a number, and that could be that worker's number.

Representative FIEDLER. Well, what is the difference between that and Social Security? People already have a Social Security card, and they simply pass them from one to another.

Mr. MARSHALL. Yes. I think the real problem with the Social Security——

Representative SCHEUER. It is easily forgeable.

Mr. MARSHALL. Yes.

Representative FIEDLER. Or even the real one can simply be passed from hand to hand.

Mr. MARSHALL. The experts on such matters tell me that you are better off starting a new system than you are trying to graft this function into the Social Security system, partly because of the ease of counterfeiting and the fact that you have already got so many in the system that you don't know about.

The famous Woolworth billfold case. That is where Woolworth sold these billfolds during the Depression with a facsimile Social Security card in it that thousands of people were paying on. You could give the Social Security Administration any kind of number—you give the employer—and they will pay. They will take your money. And so they have a lot of error in the system.

There is also the privacy issue. There is so much information that is being collected about people on the basis of the Social Security card that the civil libertarians are very concerned about that. In fact, they are concerned about any card, and I think they have a legitimate concern about the privacy question. I don't think they have a legitimate issue about whether or not I have an identifier, particularly if you have the protections that the State cannot deny me the card and if nobody can compel me to produce it. Then I think you meet most of the civil liberties issues.

Now, I think the toughest issue dealing with this whole question is what do you do about those people who are already here? What do you do about adjustment of status or amnesty?

I think you have to deal with it, and I think it is tough. You have to have a proper combination of carrots and sticks or it won't work, and if it doesn't work, then you are going to have so many people outside the system that any kind of legalization program will be rendered very difficult.

Representative SCHEUER. Do you fear that if we have amnesty while our borders are in such a painfully out-of-control condition that there will be a tidal wave, an additional tidal wave over the existing tidal wave——

Mr. MARSHALL. Well, I think that is right, and in my prepared statement——

Representative SCHEUER [continuing]. Of people wanting to take advantage of an amnesty that might become law in the future?

Mr. MARSHALL. Yes; and in my prepared statement I emphasize the importance of phasing. It seems to me before you do anything that you need to gain control of the border as much as you can because if you try the amnesty first or even simultaneously, then I think that you run that risk, and therefore I believe that you are absolutely right. There is a serious problem.

Representative SCHEUER. Let me just interject here.

Mr. MARSHALL. Yes.

Representative SCHEUER. I have sponsored an amendment that is not contained in the Senate version of the immigration bill that would defer the effective date of amnesty until a Presidential Commission determined that our borders were reasonably secure.

Senator Metzenbaum amended the Senate provision to limit the amnesty deferment to no more than 3 years. I regret that he did that, but it seems to me that to have amnesty without secure borders would be a mistake of colossal proportions.

Mr. MARSHALL. Yes; I think that the phasing is terribly important and that therefore you ought to do that.

Representative SCHEUER. Yes.

Mr. MARSHALL. But I think the other thing to recognize is that even if you do all of that amnesty will not be easy. A lot of people won't come forward. Then what are you going to do?

See, the reason for amnesty is to avoid roundup and massive deportation or avoid continuing the illegals. I think a massive roundup would be a horrible mistake.

Representative SCHEUER. Our country will not do that.

Mr. MARSHALL. We have had several of those, and now the problem would be even more serious. I think we are partly culpable for illegals being in the United States because we have had this travesty of the law that it is illegal to be in the United States but not illegal to work.

Representative SCHEUER. Yes.

Mr. MARSHALL. And we have turned our heads and ignored that and therefore have perpetuated the situation.

But it is a complex issue because you have to worry about the equity of people who have waited patiently to come into the United States legally and then we suddenly appear to reward illegality.

But as I say, I think that is a better choice than any alternatives to deal with that question. But many people will not come forth, and it would have to be a carefully orchestrated combination of carrots and sticks or they won't do it.

Representative SCHEUER. Professor, I have to leave for this rollcall vote that is going on in about 3 minutes. So I am perfectly willing to have you come back after a 10- to 12-minute recess, but if you want to leave for a plane, as I am informed you are, then why don't you take the next 3 minutes to sum up your testimony?

Mr. **Marshall**. Well, I will do it in 1 minute, Mr. Chairman, because all of what I need to say is in my prepared statement.

I believe it would be a serious mistake to have a new guestworker program, and I spell out in some detail there——

Representative **Scheuer**. I totally agree with you.

Mr. **Marshall** [continuing]. And therefore—and I think before you do that you ought to look at the experience that we have had with the Bracero Program and that Western Europe has had with the guestworker program. I review that in my prepared statement.

It seems to me if we would gain control of illegal immigration and then have an amnesty program we will have an adequate supply of labor and that we ought to at least wait to see what happens, you know, how many people we are talking about if we, as I hope we will, gain control of illegal immigration.

The other point about that is that we already have a program under H-2, and I think it is much better to have an improved H-2 program, which is very difficult to enforce but would be better than trying to have a guestworker program.

Representative **Scheuer**. Would you say it would be a fair statement to state that no industrialized country in the world has ever brought in workers from a developing world country to solve a temporary labor shortage without finding that they had a horrendous problem on their hands when they wanted to divest themselves of that program?

Mr. **Marshall**. Absolutely. In fact, I think that during my time as Secretary of Labor I talked with my colleagues, ministers of labor from all of the European countries——

Representative **Scheuer**. Britain, France, Germany.

Mr. **Marshall** [continuing]. And I think they would tell you almost to a person—at least would during my time—if they had it to do over again they wouldn't do it.

Part of it is that they were surprised. As one Swiss demographer put it, a Swiss writer said that we asked for labor and we got people.

Representative **Scheuer**. Who had children.

Mr. **Marshall**. Yes, and therefore it seems to me that if people come into the United States they ought to come into the United States as immigrants with full legal rights to protect their entry because any other status will cause you trouble in the long run.

You have to have a very strange theory of human nature to assume that any group will be permanently satisfied with second-class status.

Representative **Scheuer**. And their children especially, who are born here as American citizens.

Mr. **Marshall**. That is right. Well, it is a generational problem.

Representative **Scheuer**. Yes.

Mr. **Marshall**. As Congresswoman Fiedler put it, there are people who are willing to work scared and hard when their frame of reference is Mexico or when their frame of reference was a plantation in the South.

Representative **Scheuer**. True.

Mr. **Marshall**. You get the same dynamics.

Representative **Scheuer**. But their kids won't.

Mr. **Marshall**. But their kids will not, and they won't as time goes by because they no longer compare their situation with the old country. They compare their situation with other people here.

Representative **Scheuer**. With what they see on television.

Mr. **Marshall**. And that is, I think, a very important reality, and it has been the case through history.

Representative **Scheuer**. Mr. Secretary, we're very much in your debt for your stimulating and thoughtful testimony.

Mr. **Marshall**. Thank you, Mr. Chairman.

[The prepared statement of Mr. Marshall follows:]

PREPARED STATEMENT OF RAY MARSHALL

Mr. Chairman, members of the subcommittee.

I am pleased to respond to your invitation to present my views on the recent trends in immigration, how these trends will affect our economy, society, and culture as we move into the 21st century, and my recommendations for achieving the proper flow of immigration into the United States.

Let me start by commending you and your colleagues, Mr. Chairman, for holding these hearings. Immigration is one of our most important and intractable domestic problems. If unresolved, unrestricted illegal immigration could have serious long-run political, social, and economic consequences for the United States. It is particularly important for this subcommittee, with its emphasis on economic competitiveness, to examine this issue. Because of our preoccupation with the legal and law enforcement aspects of this problem, we often ignore its economic and labor market implications. Sound public policy requires an examination of all facets of this complex issue.

Before developing my views more systematically, I would like to make several preliminary observations. The first is how important it is to distinguish legal from illegal immigration. There is no question in my mind that the United States has historically derived considerable economic, political, and social benefit from legal immigration. But whatever our conclusions about its economic, political, or social effects, there can be no justification for illegal immigration in a society guided by the rule of law. I believe, moreover, that economic conditions in the United States today make it imperative that we subject immigration to labor market and economic tests--i.e., we must consider the effects of immigration on the employment, wages, and economic opportunities of legal residents of the United States. We must, in addition, consider the implications of immigration for the long-run competitiveness of American industry. And by competitiveness I do not merely mean our ability to maintain external balance or job creation. We must consider the quality of jobs and the terms under which we are able to compete in international markets. Competitiveness therefore means our ability to compete on terms that make it possible to maintain the profitability of U.S.-based firms and the real incomes of American workers. I don't have to tell this subcommittee that by this definition the U.S. is losing its competitiveness in high tech as well as traditional industries. Although we have done better than any other industrial country in terms of job creation, we have one of the poorest records of any industrial country in terms of productivity and real wage growth. We must be concerned about the fact that real wages are lower in the U.S. than they were in the 1960s and, despite a very rapid increase in the labor force participation of women, real family incomes are declining.

As I will demonstrate, the fact of illegality creates an economic underclass that is easily exploited and lives outside the protection of most of our laws. This underclass displaces legal residents of the U.S. from jobs, depresses their wages and working conditions, reduces the productivity of American industry, and perpetuates marginal, low wage industries that cannot be competitive in international markets without subsidies from American consumers and/or workers.

Controlling Illegal Immigration

Ray Marshall

Introduction

Immigration is one of the most important and complex problems the United States faces today. It is, however, a problem with a mixture of opportunities as well as dangers. If we develop appropriate immigration policies we can continue to benefit from the rich quality of life that comes from cultural diversity, material progress, and amicable relations with other countries. On the other hand, improper immigration policies can threaten our national sovereignty; widen income disparities and damage the quality of our lives; generate racial and social tensions; and exacerbate relationships with other countries.

If immigration is an important and complex problem it is also an increasingly urgent national issue. First, there is the pressing problem of gaining control of illegal immigration. From all indications, the U.S. is currently experiencing a large illegal or undocumented influx. As is the case with all clandestine processes, it is almost impossible to obtain accurate data on such migration, but most observers would agree that the annual inflow of illegals is between 500,000 and 1 million a year. One of the best recent estimates, by an Urban Institute study, concludes that there are over 2 million illegal immigrants in California alone and that their number is growing at about 100,000 a year.[1] This constitutes a flagrant violation of national sovereignty, as control over entry by non-citizens is one of the two or three universal attributes of nation states. Apart from the fact that the U.S. seems to have less control over its borders than any other major industrial country, this illegal inflow is creating a large pool of persons (estimates were in the 4-6 million range for 1980) who live and work in our society but with less than full protection of our laws. This obviously makes these people a target of exploitation and intimidation.

Second, there is growing concern over the rate of growth and the sheer size of the inflow. Net immigration (legal and illegal, immigrants and refugees) probably was well in excess of one million per year during the late 1970s and early 1980s, which means that in recent years the U.S. has accepted twice as many

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1. Thomas Muller _et al._, _The Fourth Wave_ (Washington, D.C., The Urban Institute Press, 1985).

immigrants and refugees as the rest of the industrialized world together.[2] The rate of inflow toward the end of the 1970s was at the highest level in our history. Perhaps the most sobering factor in these calculations is that unless a restrictive policy is put into place, the rate of inflow into the future is likely to accelerate rather than stabilize or diminish, generating even greater domestic problems.

The pressures that will make for an accelerating inflow (in the absence of tighter controls) are fairly obvious and stem from the inability of third world countries to absorb their rapidly expanding populations into productive, decently-paid occupations. The world's population was about 4 billion in 1975 and will reach 6.4 billion by the year 2000. Most of this population growth is in developing countries which already have serious unemployment and underemployment problems. These nations will need 600 to 700 million new jobs between 1980 and 2000 just to keep joblessness from rising above the current 40 to 50 percent. To put this in perspective, 600 or 700 million is more jobs than existed in all of the industrialized countries combined in 1980. These pressures will not be lessened by declining birth rates which tend to accompany the industrialization of third world nations, since most of the people who will enter the work force during the next two decades already have been born. Of course, the U.S. may be more affected by the specifics of the Mexican situation than by the general characteristics of the third world. But Mexico, despite its high growth rates in the 1970s and its oil wealth, reproduces the picture described above. The Mexican population of over 70 million in 1980 will double by the year 2000, and the total number of jobs that would have to be created in Mexico during the next 20 years in order to (a) accommodate all new entrants to the labor force; (b) absorb the present arrears of unemployed and underemployed into productive full time employment and (c) reintegrate those who would otherwise be employed in the U.S., is 31 to 33 million jobs.[3] Even if Mexico were to regain the growth rate of 6.6 percent a year it had during the 1970s (a record of sustained economic growth that is virtually unprecedented among developing countries and unlikely to be attained again in the 1980s), only 20 million new jobs would be created before the end of the century, which leaves a sizable deficit. It must also be recognized that no matter how many new jobs are created in Mexico during the next 20 years, the real wage differential and changing currency values between Mexico and the U.S. will draw workers across the border.

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[2] Michael I. Teitelbaum, "Right versus Right: Immigration and Refugee Policy in the United States," Foreign Affairs, Fall 1980, p. 25.

[3] Wayne A. Cornelius, "Immigration, Development Policy, and Future U.S.-Mexican Relations," in Robert H. McBride (ed.), Mexico and the United States (Englewood Cliffs, New Jersey: Prentice-Hall, 1981), p. 108.

In summary, we have a serious illegality problem, and external pressures are such that, left to themselves, both problems will get much worse over the course of the next two decades.

A major deterrent to the development of an effective immigration policy for the United States is the diversity of interests and the lack of political consensus on this complicated issue. Moreover, immigration is a highly emotional issue involving ethnic and racial agendas, attitudes, and fears which are not always clear or expressed. Those who are concerned about this issue are often embarrassed and deterred from active involvement when they find themselves allied with racist or extremist groups seeking to influence race or xenophic sentiments. Immigration, in addition, involves emotions and principles which are not easily compromised. It is no wonder, then, that most experienced politicians see the immigration question as dangerous territory with serious short-run costs and no clear advantages despite the fact that public opinion polls repeatedly show that the overwhelming majority of Americans are greatly dissatisfied with our immigration policy and want the government to take action to solve the problem.

Another important obstacle to effective immigration policy is the absence of acceptable data to resolve disputes about the number and impact of illegal immigrants. The data problem is, of course, inherent in any illegal activity and therefore is never likely to be satisfactorily resolved until immigration is legalized. Because of the absence of reliable statistics, interpretation tends to be colored by the biases of the interpreter. Those who favor relatively unlimited immigration minimize the numbers and tend to exaggerate the positive effects of legal and illegal immigration. Those who want to restrict immigration tend to exaggerate both the numbers and the negative impacts.

Another complication is the dynamic, long-run nature of the immigration problem and the difficulty many of our public and private systems have in dealing with events that impact 10 or 20 years in the future, even when these events are demographically determined and therefore are highly predictable. In too many cases we attempt to develop policies after crises have occurred rather than in order to avoid crises. Policymaking is likewise complicated by the dynamic nature of this process which causes conclusions made about the impact of immigration at one stage to be invalid at another, even though these stages have demonstrated a high degree of regularity and predictability through time and in different countries.

Despite these difficulties, we must turn the strong public support for controlling illegal immigration into a political consensus for effective controls. These controls will not completely eliminate illegal immigration but I am convinced that the right combination of policies will greatly reduce its magnitude. I will first summarize and then develop the rationale for my recommendations for controlling illegal immigration.

Summary of Recommendations

1. There are two mutually supportive short-run ways to reduce the flow of undocumented workers: to better police U.S. borders and shorelines and to remove incentives for entry by making it illegal for employers to hire workers who are not authorized to work in the United States. I therefore recommend (a) an increase in the technical and human resources available to the Immigration and Naturalization Service (INS) to permit more effective physical control of immigration, (b) vigorous enforcement of labor laws to remove one motive for employment by taking the exploitation out of illegal immigration, and (c) amendments to the Immigration and Nationality Act to make it unlawful for employers to hire workers who are not authorized to work in the United States. Employers who break this law should face a penalty which constitutes a reasonable disincentive. Such a penalty should escalate with repeated infractions.

2. In order to facilitate employer compliance with immigration laws, a work authorization system should be adopted (such as the one developed by the U.S. Department of Labor for the Select Commission on Immigration and Refugee Policy [SCIRP]). This system would apply to all new entrants and job changers and therefore would avoid the intensification of employment discrimination against "foreign looking" or "foreign sounding" people.

3. In order to avoid the civil liberties, international relations, and human problems associated with mass deportations, illegal immigrants who entered the United States before a predetermined date, and who have been in continuous residence for a period of time, should be permitted to remain in the United States as permanent resident aliens. Although this recommendation will produce serious administrative problems as

well as questions of equity because of its unfairness to those who have been waiting patiently to enter the United States legally, it nevertheless is an essential component of any effort to legalize immigration.

4. If after illegal immigration is brought under better control it appears that more workers can be absorbed in the United States, it would be better to bring them in as legal immigrants rather than as part of a new, temporary worker program. I believe an improved H-2 program would be adequate and that no new temporary worker program is required. However, an improved H-2 program should have proper safeguards, such as a compulsory labor market test, to ensure that legal residents are not displaced.

5. The proper sequence of changes in immigration policy is very important. For example, it makes sense to tighten up on illegal immigration (by increasing the resources of the INS, making border control more effective, instituting employer sanctions and putting a work authorization system in place) before granting amnesty. Otherwise there is likely to be a huge inflow of illegal workers in anticipation of this measure. It would be desirable to adopt all of these measures as part of a phased package. For example, even if amnesty were not immediately available, it could be planned to go into effect at some predetermined date.

6. Because it is important to have friendly relations with neighboring countries, and because the long-run solution to illegal immigration is to reduce the wide disparities in employment opportunities and compensation between countries, the United States should work with other countries to develop suitable policies concerning immigration and the chief factors affecting it.

DISCUSSION

Why Control Illegal Immigrants?

One of the most heated immigration controversies is over the impact of undocumented workers on the American economy. Some immigration analysts argue that illegal immigrants have a positive effect on the economy and therefore should not be regulated. In this view, the undocumented workers mainly take jobs legal residents will not take and therefore promote economic growth and improve the conditions of American workers, consumers, and employers. In this view, the undocumented workers do not burden social services because they pay more taxes than they draw down benefits. Opponents of controlling illegal immigration also stress the favorable impact of the undocumented workers on Mexico because they provide a "safety valve" for unemployed and underemployed workers and their earnings help Mexico's balance of payments (remittances to Mexico were in the neighborhood of $3 billion per year in the early 1980s). Those who support this position sometimes argue that it is really impossible to control immigration, so efforts to do so will cause more harm than good.

Those who favor controls stress the adverse impact on American workers, especially minorities, young people, and low-wage workers with whom the undocumented workers compete. In this view, the illegal immigrants depress wages, displace American workers, and perpetuate low-wage, low-productivity jobs. Moreover, advocates of control argue, the undocumented workers and their children form an underclass who are easily exploited and who will in the future precipitate civil rights crises as they attempt to redress their grievances.

It is, as a practical matter, impossible to resolve this controversy, but the evidence seems to support the following conclusions:

1. It would be very unrealistic to argue, as some do, that illegal immigrants do not displace any workers, but it would be equally unrealistic to argue that the displacement is one for one. In fact, few if any serious students of this problem take either extreme. The controversy therefore is over the extent of displacement, not whether or not it occurs.

2. During periods of rapid economic growth and relatively low levels of unemployment--like during World War II--there is very little displacement and the foreign workers probably promote economic growth and net job creation. When unemployment is high, there clearly is more displacement. Much also depends on the nature of labor markets, especially whether the immigrants have skills that are in short supply in a given labor market.

3. The arguments against displacement are based on specific micro cases, as well as the largely hypothetically macro effects of immigration. It is sometimes argued that there is no displacement because the undocumented workers only take jobs rejected by legal residents. In all industrialized countries, there apparently is a tendency for citizens to be less willing to take certain menial and low status jobs as economies advance. The most commonly cited empirical evidence for this argument is from a 1975 study of two California cases where efforts were made to fill vacancies created by apprehended illegals, one in Los Angeles and one in San Diego. The Los Angeles effort was

unsuccessful because the jobs were not very attractive and paid less than minimum wage. The jobs in San Diego were filled by commuters (i.e., legal border crossers) from Tijuana.[4]

As Weintraub and Ross observed,[5]

> It is a peculiar kind of rationalization that argues that no serious damage is done because only nondesirable jobs are lost and that legal residents cannot really have been hurt since they refused to accept less than the minimum wage in particular jobs at particular locations.

In other areas, the jobs vacated by apprehended illegals were more quickly filled--especially when unemployment was higher and the jobs paid more than the minimum wage. A 1980 report, citing the California studies, concluded:

> . . .in the suburbs of Chicago, where both wages and unemployment are running considerably higher than they were in San Diego five years ago, the Illinois Department of Labor has had no trouble filling openings left after Immigration Service raids on factories and businesses.

In one case in Elgin, Illinois the INS arrested 69 undocumented aliens in a foundry who earned between $4.50 and $13 an hour. Within hours, hundreds of local residents had applied for these jobs, all of which were filled within three days. INS officials also report no difficulty in other cities filling jobs vacated by apprehended illegals; in New York Hispanics and blacks who had lost their jobs reported the presence of the illegals to the INS. According to a New York INS official: "There are many black teenagers who would like to have some of the jobs those illegal aliens are taking."[6]

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[4] Wayne Cornelius, "La migracion ilegal mexicana a los Estados Unidos," Foro Internacional 18 (3): 399-429, January-March 1978). Vic Vallalpando, et al., "A Case Study of the Socioeconomic Impact of Illegal Aliens on the County of San Diego," San Diego, California, 1977.

[5] Sidney Weintraub and Stanley R. Ross, The Illegal Alien from Mexico, Austin, University of Texas Press, Mexico-U.S. Border Research Program, 1980, p. 19.

The Urban Institute (UI) study cited earlier found considerable displacement, direct and indirect, from immigration (legal and illegal) and an adverse impact on the wages of low income workers. That study estimated 1.5 million undocumenteds in California in 1980, rising at about 100,000 a year, which probably is an understatement.[7] Unskilled blue collar employment expanded by only 71,000 in Los Angeles County between 1970 and 1980. Mexicans held 116,000 such jobs and other immigrants another 52,000. As the Urban Institute study concluded: "Clearly the number of persons other than recent immigrants holding these jobs actually declined."[8]

The UI study continues: "Net manufacturing employment [in Los Angeles County] rose by 113,000 during the 1970s but because immigrants arriving since 1970 held 168,000 manufacturing jobs in 1980 there must have been a net decline of 55,000 jobs among other workers."[9] Looking at the entire labor market in Los Angeles County the UI report tells us that recent immigrants absorbed fully two-thirds of the 645,000 jobs added in that county during the 1970s.

It also is significant that large numbers of non-immigrant blue collar workers have migrated out of Los Angeles County. In the five-year period 1955 to 1960, net migration to California from other states was 1,122,000, compared with only 11,000 in the 13-year period 1970-83. There was a net inflow of 205,000 white collar workers and a net loss of 134,000 blue collar workers. The UI study concludes "The similarity between the socioeconomic characteristics of the people leaving and the characteristics of Mexicans suggests that immigrants from Mexico may have substituted for internal migration."[10] The Urban Institute study estimated the outmigration from Los Angeles County to be 372,000 during this period. It should be noted, further, that between 1970 and 1983, the period covered by the UI study, unemployment in California was above the national average in 12 of 14 years. While factors other than immigration played a role, it is hard to avoid the conclusion that immigration increased unemployment.

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[6] Cited by Ibid.

[7] The authors of the UI study estimate some 1,868,000 immigrants entered Los Angeles County between 1970 and 1980, of whom the majority of 1,087,000 were illegally present. Census undercount data suggest another 493,000 undocumented aliens missed by the Census.

[8] Muller, et al., op cit., 58.

[9] Ibid., p. 56.

The UI study confirmed the rather consistent finding that immigration depressed wages. L.A. County manufacturing wages increased by only 76.7 percent of the national average between 1972 and 1980; in this sector immigrants from Mexico accounted for 47.1 percent of the work force. For all of Los Angeles County wages increased by 8.78 percent faster than the national average; in the County recent Mexican immigrants accounted for only 9.9 percent of the work force. Indeed, data from the UI study show a direct inverse relationship between relative wage increases in L.A. County and the percentage of Mexican immigrants in the work force--the higher the percentage of Mexicans the lower the wage increases. Low wages in Los Angeles County were not due mainly to low productivity--low wage Hispanic factory workers' wage increases were 16 percent below the national average, but their productivity was only 6 percent less than that of the nation as a whole.

The problem, of course, is that these examples, like those cited on the other side, are drawn from localized studies and may or may not be representative. Clearly, however, whether or not there is displacement depends partly on the nature of the job. Because they have more alternatives, especially welfare and unemployment compensation, legal residents are reluctant to take menial jobs at less than minimum or prevailing wages. There are, therefore, undoubtedly many such jobs that legal residents will not readily accept. The policy question about these jobs is whether it is desirable for them to continue or what might happen if there were no undocumented workers to take them.

Those who support the displacement thesis also point to the fact that while there might be localized shortages of legal residents for these jobs, there are no national examples of occupations filled exclusively by illegals; in other words, legal residents--especially minorities, young people, and women--are concentrated in such jobs in every region of the United States. There is almost universal agreement that illegals depress the wages and working conditions in these low-wage jobs.

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[10] Ibid., p. 53.

It would, however, be a mistake to assume that illegals only occupy marginal, low-wage jobs. While they are concentrated disproportionately in these jobs, which tend to be perpetuated by successive flows of illegals, there also is a tendency for experienced illegals to move into successively higher-paying jobs as they learn English and acquire experience. Many of the conclusions about the impact of undocumented workers are made from studies of agricultural workers, who are becoming a smaller part of the total flow of illegals. In the Employers of Undocumented Workers project during 1977-80, the Labor Department found substantial employment of undocumented workers in the high-wage construction industry. The data in Table 1, taken from two studies for the U.S. Department of Labor, show relatively small proportions of illegal immigrants employed in agriculture in the overall economy (18.8 percent) and a very small fraction of those employed in the Los Angeles Community study. Those who work primarily in urban jobs apparently have higher earnings. For example, the average yearly earnings of 351 undocumented workers apprehended in Chicago during a three-month period in 1978 was $9,360.[11] A comparison of Tables 1 and 2 confirms the conclusion from many other studies that illegal immigrants compete primarily with Hispanics and blacks.

Another problem in assessing the displacement argument is the dynamic nature of employment and the difficulties involved in measuring the impact of illegals. The fact of illegality itself conditions the jobs the undocumented workers hold and therefore makes it difficult to measure the impact of their presence. In other words, if there were no illegals, the jobs would be different. For one thing, illegals are easily exploited and therefore are reluctant to complain about violations of their legal rights. Moreover, some employers prefer illegals who compare their poor jobs in the U.S. with even poorer alternatives in their home countries and therefore are more satisfied than natives with low-wage menial jobs, at least in the short run. Because illegals depress wages and working conditions and sometimes cause jobs to be considered undesirable simply because they occupy them, it is difficult to determine whether or not those jobs would exist if there were no illegals.

Similarly, if there were no illegals employers would have other options. They could raise wages, improve management, and make the jobs more attractive, or they could mechanize. They also could move their operations to other countries. Mechanization would probably increase national productivity. The

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[11] New York Times, November 10, 1980, p. 1.

Table 1. Employment Patterns of Illegal Immigrants from Two Research Studies. Prepared for the U.S. Department of Labor.

	Detention Site Study 1974-5[A] All Apprehended Aliens	Los Angeles Community Study 1972-1975[B]		
		Total	Previously Apprehended Alines	Never Apprehended Aliens
White Collar:	5.4	10.5	6.6	12.1
Professional and Technical	1.6	4.3	2.7	5.0
Managers and Administrators	1.3	0.7	.8	.7
Salesworkers	1.1	1.9	.8	2.3
Clerical	1.4	3.6	2.3	4.1
Blue Collar:	55.2	73.0	79.0	70.4
Craft Workers	15.3	28.8	32.8	27.1
Operatives	25.1	31.8	31.1	32.1
Non-Farm Laborers	14.8	12.4	15.1	11.2
Service Workers	20.6	16.1	14.2	16.9
Farm Workers	18.8	.4	.2	.5
Total Percent	100.0	100.0	100.0	100.0

Sources: [A] David S. North and Marion F. Houston, The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study, Washington, D.C., Linton & Company, 1976, p. 104.

[B] Maurice D. Van Arsdol Jr., Joan Moore, David Heer, Susan P. Haynie, Non-Apprehended and Apprehended Undocumented Residents in the Los Angeles Labor Market. Final Draft submitted to the U.S. Department of Labor under Research Contract No. 20-06-77-16, (October 1978), p. 95.

Table 2. Percent Distribution of All Employed Persons in U.S.; All Employed Hispanic Persons, all Employed Mexican Origin Persons, and All Employed Black Persons, 1977.

	All U.S. Workers	All Hispanics	Mexican Origin	Black Workers
Total Employed	90,546,000	3,938,000	2,335,000	9,812,000
Percent	100.0	100.0	100.0	100.0
Occupations:				
White Collar:	49.9	31.7	27.2	35.3
Professional and Technical	15.1	7.4	5.6	11.8
Managers and Admin.	10.7	5.6	4.9	4.8
Salesworkers	6.3	3.7	3.0	2.6
Clerical	17.8	15.0	13.7	16.1
Blue Collar:	33.3	46.6	49.3	37.6
Craft Workers	13.1	13.7	15.0	9.0
Operatives	11.4	20.9	20.4	15.1
Transport Operatives	3.8	4.1	4.6	5.2
Non-Farm Laborers	5.0	7.9	9.3	8.3
Service Workers	13.7	17.1	16.5	25.0
Farm Workers	3.0	4.4	6.9	2.2

Source: Morris Newman "A Profile of Hispanics in the U.S. Work Force," *Monthly Labor Review* (December 1978), pp. 3-13; and *Employment and Training Report of the President, 1979* (Washington: U.S. Government Printing Office, 1979) pp 262-3.

continuation of low-wage jobs because of a steady growth of relatively unskilled labor tends to perpetuate low-wage, low-productivity activities. Many of these are parasitic industries that cannot even pay prevailing wages at the low end of the scale. In the long run, industries that depend on low-wage, easily exploited workers will not be competitive with their identical counterparts in the third world. Illegal immigration might increase GNP but not necessarily productivity, and in order to strengthen the competitiveness of U.S.-based companies in international markets, we must increase productivity growth. Much of the argument against displacement, as well as the need for foreign workers to meet presumed future labor shortages, assumes given wages, productivity, and combinations of labor and capital, which is not very realistic. Again, however, the policy decision relates to whether it would be better for immigrants to perpetuate low wages and poor working conditions or whether it would be better to legalize immigration so workers could at least protect themselves from exploitation and reduce the supply of unskilled labor in order to encourage job and productivity improvements.

Thus, the economic impact of immigration depends on labor market conditions in the United States and the characteristics of the immigrants. If labor markets are relatively tight and the immigrants have skills that are in short supply, the immigrants can cause increased productivity and growth. If the immigrants are unskilled or do not have skills that are in short supply and if unemployment is relatively high in the labor markets where immigrants concentrate (as North demonstrates to have been the case in the United States[12]) immigration is more likely to reduce wages and increase jobs available for legal residents.

Despite the paucity of data and disagreements about the economic effects of undocumented workers, most serious students of this problem agree that the foreign workers have differential impacts on various groups. Low-income legal residents are clear losers, employers probably gain and consumers of the goods and services produced by the immigrants also probably gain, at least in the short run.

There is some question of the extent to which immigrants encumber social services. Apparently the degree of use of

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12. David North, "The Impact of International Migration on the U.S. Labor Market," a paper presented at the Third Annual National Conference on Immigration Law and Policies, New York, March 20, 1980.

welfare services is not great because, at least at first, immigrants tend to be young unmarried people who work, pay taxes but make limited use of such services. Clearly, however, as the immigrant work force matures, it will (and should) make greater use of social services. Illegal immigrants apparently make extensive use of public health and educational services; they make less use of unemployment compensation and very little use of social security and welfare.[13] With respect to state and county benefits received and taxes paid, the best recent study is the one cited earlier by the Urban Institute which found that immigrants in Los Angeles County received more benefits than they paid taxes by a factor of 2 to 1.[14] These calculations *do not include* net fiscal effects of the displacement of legal residents or the substantial federal funds passed through state and local governments.

Techniques for Control

In general there are two basic short-run approaches to the control of illegal immigration. The first is to try to stop people at the border. There is general agreement that reliance on this technique alone would be *very expensive* and would be *objectionable* to many people in the United States and in Mexico and other sending countries. The second approach is to *remove the job attraction by making it illegal* for employers to hire workers who are not in the country legally and by more vigorously enforcing our protective labor laws. The anomaly of our present law is that it is illegal for people to enter the country without documents, but it is legal for employers to hire them--an inconsistency not lost on foreign nationals or their governments. Even though it is illegal to enter the country without documents, the only penalty for doing so is deportation, and deportees often return almost immediately.

There is agreement that the *ultimate solution* to illegal immigration is to narrow the great economic differentials between the U.S. and the sending countries, especially Mexico. However, these differentials are not likely to be narrowed significantly in this century.

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[13] David S. North, *Government Records: What They Tell Us About the Role of Ilegal Immigrants in the Labor Market and in Income Transfers* (Washington, D.C.: New Transcentury Foundation, April 1981).

[14] Muller, *et al.*, *op cit.*, p. 140.

Control of the Borders

The knowledge, spread rapidly around the work through modern communications technology, that American borders are easily penetrated and that penetration carries no serious official penalty, tends to make millions of people willing to accept the modest risk associated with illegal entry. Similarly, it is equally well known that despite our recent improvements and increased resources, our internal security is so lax that the chance of detecting people who violate the terms of nonimmigrant visas is very small. While it would neither be desirable or possible to completely close the border, there is no doubt that more resources for the INS and more effective management and information systems would greatly improve enforcement.

Employer Sanctions

Making it unlawful for employers to hire workers who are not in the country legally is essential to effective immigration control as this goes a long way towards destroying the economic incentive for workers to cross the border illegally. Employers who break this law should face a penalty which is severe enough to constitute a reasonable disincentive. The penalty should escalate with repeated infractions. The main objections to penalizing employers are that sanctions would cause employers to discriminate against "foreign looking" or "foreign sounding" people and that employers are not equipped to determine whether or not job applicants are illegal immigrants.

Worker Identification

The problem raised by employer sanctions could be overcome by instituting a fair and simple method for employers to determine worker eligibility. The system should be required of all workers in order to avoid the discrimination problem mentioned above. If the social security card could be made counterfeit proof it could serve this purpose. There are, however, several objections to using the social security card for this purpose. Social Security officials argue that the card was never intended to be an identifier and its use for that purpose would cause great damage to the fragile Social Security information system which could not sustain this added burden. Others point out that it would be very expensive to issue new social security cards. In 1980, the General Accounting Office estimated the costs at between $850 million to $2 billion.

Civil liberties organizations, including the American Civil Liberties Union, raise other objections to the use of the Social

Security card or any national identifier. Accordingly the ACLU[15]

> . . .has long been on record as opposing legislation subjecting employers to criminal penalties if they hire illegal aliens, by reason of its discriminatory effects upon many citizens and legally resident aliens. Because of the harmful effects upon many citizens and legal aliens caused by the proposed identification cards would be even more profound, ACLU opposes this measure as well. . .
>
> The transformation of the social security card into an identity document and prerequisite for employment would bring this country perilously close to the adoption of an internal passport.

Those who favor the social security card believe the civil libertarians to have adopted a very narrow approach. The use of the card for this purpose would not make it a national identifier because nobody would have a right to demand to see the card except employers. There also is doubt that civil liberties are diminished if people have the ability voluntarily to identify themselves. Moreover, if it is true that an identifier is essential to employer sanctions, then the alternatives could be more threatening to civil liberties--i.e, continued exploitation of illegal immigrants or efforts to "seal the border." Similarly, the adverse impact of illegal immigration on low-income workers and the loss of respect for law and order from illegal immigration could be much more damaging than the use of the social security card for employment verification purposes. In fact, the social security card already is supposed to be issued only to people who are in the country legally.

There is nevertheless a justifiable concern about the potential for the invasion of privacy because of the growing use of the social security card as an identifier and its use to consolidate information about individuals.

Because of opposition from civil libertarians and the fragility of the Social Security information system, the Department of Labor, at the request of the Select Commission on Immigration and Refugee Policy (SCIRP), designed a "Work Authorization Enrollment and Verification System" that would not burden the U.S. Employment Service network throughout the country. On the contrary: "Piggybacking on the computing power and communication capability of a fully automated system could provide a much needed and valuable aid to traditional U.S. Employment Service labor-exchange activities and dissemination of labor market information. For example, job openings, job banks, and professional registries could be immediately available to the entire United States."[16]

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[15] ACLU memorandum, "Counterfeit-Proof Social Security Identification Cards," April 6, 1977.

The cost of this system would also be much less than the GAO's 1980 estimate for the social security card system. It was in 1980 that non-recurring implementation costs would be over $87 million and first year operational costs would be $533 million, and about $308 million the second year. The system would become fully operational in six years, after which the cost would be about $203 million a year. These numbers would have to be updated, but they strike me as modest given the severity of the problem they help ameliorate.

Whatever system is put into place (whether it be a counterfeit-proof social security card of a work authorization system along the lines of the one developed by the Department of Labor) it should serve as (1) a simple and fair test of worker eligibility, (2) not lend itself to discrimination against "foreign looking" workers, (3) not intrude on individual freedom any more than is strictly essential, and (4) be as cost effective as possible.

Adjustment of Status

One of the least controversial recommendations among the experts is one with great opposition from the public--amnesty or adjustment of status for illegal immigrants who have been in the U.S. for some time. For example, SCIRP unanimously recommended this action. It is generally agreed that adjustment to permanent resident alien status for illegal immigrants would avoid mass deportations of millions of people whose only crime was working in the United States illegally. A roundup of that magnitude would be very damaging to internal affairs in the U.S. as well as to the domestic economies of countries like Mexico. Moreover, legalization would be much less harmful than the continuation of the present system of illegality and almost uncontrolled penetration of our borders. Adjustment of status also recognizes that illegals have lived in the U.S. for many years. In fact, many of the present immigrants who acquire legal status already were in the U.S. when their status was adjusted.

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[16] A Work Authorization Enrollment and Verification System: A Technical Working Paper," USES, U.S. Department of Labor, October 1980, p. 4.

Although "adjustment of status" is a practical and moral necessity, it is not without serious problems. One of these is the unknown number of people who would be eligible for this treatment. Unless permanent residency for some specified time were made a prerequisite, the numbers of individuals who have worked some time in the U.S. probably would be very large indeed. Moreover, this adjustment would automatically increase the flow of immigrants in the short run because of the need to permit the new legal resident aliens to bring in their close relatives (spouses and minor children).

Many object to amnesty because it appears to reward those who have violated our laws and would be unfair to those who have waited, sometimes for years, to enter legally.

There is some question, of course, whether amnesty would be very successful. The verification and administrative problems with such a program would be enormous. Moreover, undocumented workers might prefer to continue as illegals rather than face the uncertainties of the adjustment of status process. The experiences of other countries suggest that an amnesty system needs to be carefully planned and executed, with some combination of carrots and sticks, and some systematic use of voluntary organizations to get the illegal immigrants to come forward. Such a system should mean a higher probability that those who did not come forward would be deported and if deported would have very little chance to reenter.

Phasing

It clearly is important to adopt an immigration control system in phases to prevent some parts of a system from rendering other parts ineffective. For example, to adopt amnesty before a more effective border enforcement and internal visa control system were in place would clearly be unwise, because it would invite a flood of immigrants. Similarly, since the numbers of illegals as well as the proportion of illegal residents who will come forward for amnesty are unknown, it would be desirable to deal with illegal immigration first and see what effect that would have on immigration before making other changes in the immigration system.

Relations with Sending Countries

The control of immigration has very important implications for foreign relations. In our case, this is especially important with respect to Mexico, where the immigration question evokes strong and conflicting passions. This problem is complicated by the immense population pressures on Mexico; the 2,000 mile permeable border between the U.S. and Mexico; wage differentials of at least five to one; the history of relations between Mexico and the U.S., which creates suspicions of U.S. motives and makes it necessary for Mexican political leaders to go out of their way to avoid any suggestion that they are being dominated by the United states; the large indigenous Spanish-speaking population in the U.S.; and the history of relatively free movement of Mexicans into the U.S.

Mexicans argue that more favorable trade relations between Mexico and the U.S. would help halt the flow of people out of Mexico, but some U.S. trade experts believe the main limitation on Mexican exports to the U.S. to be their lack of competitiveness, not tariff or non-tariff trade barriers. Nevertheless, we should improve trade relations between the U.S. and Mexico, whose recent decision to enter the GATT is welcome. But improved trade is no substitute for an effective immigration control program.

Mexicans also point to the inconsistencies in our laws (especially the absence of strong immigration controls and employer sanctions) to suggest that Americans, especially American employers, have encouraged illegal immigration. It would be unfair, in this view, to suddenly halt the flow or to deport millions of illegals back to Mexico.

There is fairly uniform agreement that deportation or drastic curtailment would cause great difficulty in Mexico and this would not be desirable because a stable, friendly, progressive Mexico is in our interest.

The problem for Mexico is that, despite a high 6 to 7 percent annual growth rate during the 1970s, the work force grew much faster than potential job creation and will continue to do so for some time, especially in view of Mexico's large external debt and the dramatic oil price slump of the 1980s. As was mentioned in the introduction, the Mexican population of over 70 million will about double by 2000; the working-age population is increasing at about 600,000 to 800,000 a year and, at best, only about two-thirds of this number of new jobs are likely to be created, and the actual numbers probably will be lower. The work force will continue to grow because the Mexican population is relatively young--over 50 percent of the population is under 14 years of age. Unemployment and underemployment--currently about 50 percent of the work force--will therefore be serious problems for the foreseeable future.

It was hoped during the late 1970s that economic development would narrow the income differentials between the U.S. and Mexico and therefore slow the pressure for outmigration. But it is doubtful that this will happen very soon, even if Mexico were able to resume the torrid economic pace it set during the late 1970s. For one thing, economic development often accelerates emigration by providing depressed people the means to move. In addition, much depends on what kind of development takes place in Mexico and where it occurs. In the past, Mexico has emphasized capital-intensive agricultural and industrial activities (which displace people) and the impact of this type of development strategy has been very uneven and unequal.

It is in our interest for Mexico to experience sound, balanced economic growth and political stability, but this will depend mainly on Mexican leadership. We can be sensitive to this process, and aid it with policies compatible with our national interest, but we cannot dictate its course. Similarly, the United States has the right to protect its borders and should not negotiate that right. While we should keep Mexico fully informed and wherever possible avoid acts that would greatly damage their economy, we must be mainly concerned about our own national interests. Moreover, it is doubtful that Mexican political leaders will face up to that country's serious employment problems, especially effective large-scale development to hold more people in rural areas, as long as the U.S. continues to provide a convenient safety valve by absorbing part of Mexico's surplus population.

Temporary or Guest Workers--The Debate

One very unwise suggestion for controlling illegal immigration is to adopt a new temporary worker program. Advocates contend that such a system is an essential component of any program to control illegal immigration, both as a way to meet the labor needs of employers who now rely on the undocumented workers and to continue the "safety valve" for Mexico. Those who take this position usually make three arguments:

1. The U.S. cannot physically or politically close its borders to illegal entrants.

2. The U.S. economy has become dependent on the illegal immigrants who are employed mainly in low wage, menial jobs, often in remote areas, that American workers will not accept.

3. The U.S. has sanctioned illegal entry by tolerating it for years, so we should not abruptly close this "safety valve" and create unwanted political instability in labor surplus countries.

Opponents of a temporary worker program respond as follows:

1. It is true that we have a stake in the political stability of our labor surplus neighbors, and we should work with them on this and other mutual problems, but our basic priority must be to protect the interests of legal residents of the United States.

2. The employment of aliens does not prove the unavailability of domestic workers. Aliens may be preferred by employers because they are willing to work "hard and scared" at low wages and under adverse conditions.

3. There is no evidence that temporary workers reduce the flow of illegal immigrants--instead, they are likely to increase the flow as happened with the Bracero program (discussed below) and the guest worker programs in Europe.

4. A program large enough (perhaps one million work permits annually) to accommodate all the aliens now entering illegally will adversely affect U.S. wages and working conditions, especially in secondary labor markets.

5. A program small enough (100,000 permits annually) not to have a serious adverse effect on U.S. wages and working conditions will not reduce pressures for illegal entry.

6. Employers arguing that they will "go out of business" without aliens are really saying they cannot survive without subsidies. Alien labor willing to work at low wages is a labor subsidy, just as a low-interest loan is a capital subsidy. If subsidies to some industries or countries are deemed desirable, these should be given by all of the people and not primarily by our lowest paid workers who can least afford the sacrifice.

7. If temporary foreign workers do not participate in social security, unemployment and disability insurance, and other payroll tax supported programs, employers will prefer them because they would be cheaper than domestic workers (who must participate). If temporary foreign workers do participate, long-term burdens on these programs could increase since most social insurance programs pay out relatively more benefits to low wage earners. Temporary workers have a tendency to become permanent as some of them form attachments to their host countries, form families, and attract supporting populations.

8. Temporary worker programs are difficult to administer. Experience with the H-2 program shows the establishment of a simple yet reliable test of domestic worker availability to be very difficult. It also is hard to make a program like this work

since employers often prefer the foreign workers.

9. Temporary worker programs raise many policy issues:

- Is the employer entitled to recruit foreign workers if Americans can do the work? Or should the test be that Americans must be able to do the work as well as the foreigners? Is it fair for mainly prime working age males with third world references to compete with Americans with U.S. labor market and income expectations? Is it appropriate to permit discrimination on the basis of race, age, or sex that would be illegal with domestic workers?

- Once in the U.S., it must be decided if aliens will be required to work for a specific employer or to take any job in a specified area. If recruited for a specific employer, what rights to change jobs will the migrants have? Where will the migrants go to make complaints or appeals? Will the employer provide housing and social services? Who will inspect and monitor these employer-provided services?

- If migrants are not tied to a specific employer, who is responsible for housing and other services? Will migrants use local Employment Service offices to find jobs? Who gets priority, migrants or domestic workers? Can alien workers be managed to minimize their adverse impacts if they are fee to search for their own jobs?

- Given established patterns of foreign worker use, it will be difficult to enforce protective labor laws even after illegal immigrants are converted to legal temporary workers. Without a massive new enforcement effort, which is not likely in the present political climate, labor law violations are likely to accelerate.

- It also must be decided if a guest worker program would be entered into by agreement only with Mexico or if other countries would be eligible. Denying this right to other countries might exacerbate our relations with them. Such an agreement might also strain our relations with Mexico if the federal government assumes responsibility for the protection of Mexican or other workers and is unable to do so, or as with the Bracero program, provides some protections it is unable or unwilling to extend to its own citizens.

- A guest worker agreement raises other foreign policy issues. How will the program work in Mexico? What will be done to safeguard American wages and working conditions? Will the program lead to charges of bribery and corruption, as happened with the Bracero program? Will Mexico agree to help stem the flow of illegal immigrants out of Mexico into the United States in exchange for a guest worker program? Is it politically feasible for Mexico to try to prohibit undocumented workers from leaving Mexico?

- A temporary worker program raises important human rights issues. Temporary workers live and work in uncertainty, never knowing if their work permits will be renewed; they do not participate in domestic decisionmaking processes; and serious human rights issues are raised by having people within the United States who do not enjoy full legal rights. If dependents accompany or join temporary workers, under what circumstances can these dependents work? To what services are they entitled? What priority do they get? Alternatively, do we subject ourselves to charges of human rights violations from the International Labor Organization and other international bodies if we deny family unification rights to temporary workers? What is the status of children born to temporary workers while they are in the U.S.?

Temporary or Guest Workers--The Evidence

The first guest worker program in the U.S. was initiated only months after this nation enacted what was then the most restrictive immigration legislation in its history--the Immigration Act of 1917. This temporary worker program was a response to strong pressure from the large agricultural employers of the Southwest. It was first described as a temporary farm program, but later it was expanded to allow Mexican workers to be employed in nonfarm work. It was partly justified as being a part of the war effort and as a necessary part of national defense. It ended in 1922 because organized labor contended that the program undermined the economic welfare of citizen workers, and because many people believed that there were no labor shortages, only employers who wished to secure economic gains from cheap, docile workers. During the lifespan of this system, 76,000 Mexican workers were admitted to the U.S. One-half of these eventually returned to Mexico.

World War II generated manpower demands from the military services and defense plants that drained large numbers of workers from the U.S. agricultural sector. Accordingly, the U.S. government undertook negotiations with the Mexican government that resulted in a formal agreement in 1942 launching the Mexican Labor Program (better known as the Bracero program). This program continued in various forms until 1964. Under this program Mexican workers were afforded numerous protections with respect to housing, transportation, food, medical needs and wage rates.

The Bracero program generated income for its Mexican participants, but it had an adverse impact on citizen workers in the U.S., particularly the Chicanos who composed the bulk of the southwestern agricultural labor force. At the program's peak, almost one-half million Braceros were working, spread over 27 states but mainly in the agricultural labor markets of the Southwest. This availability of Mexican workers significantly depressed existing wage levels in some regions and modulated wage increases that would have occurred in their absence in other regions. The fact that Braceros were prime working age males who were subject to their supervisors' unilateral demands made them especially appealing to many employers. The Bracero program is seen as a significant factor in the rapid exodus of rural Chicanos between 1950 and 1970 to urban labor markets, where they were typically poorly prepared to find employment and housing.

Perhaps the most lasting effect of the Bracero program was its exposure of hundreds of thousands of poor Mexican workers to the wide array of economic opportunities that were available in the U.S. economy. According to INS data, official apprehensions of illegal Mexican entrants--a partial indicator of illegal immigration--rose shortly after World War II to an annual peak of over 1 million persons in 1954. By 1958-1963, in the later stages of the Bracero program, such apprehensions had declined to the neighborhood of 30,000 to 40,000 annually. Following the program's termination in 1964, however, there was renewed sharp growth in such apprehensions to levels close to one million persons annually in the late 1970s and over one million a year during the 1980s. Many thousands of those illegal aliens were former Braceros. The illegal alien problem would have arisen with or without the Bracero program, but the greater acquaintance with the U.S. conveyed by the Bracero program certainly contributed to the post-Bracero dimensions of the problem.

The Bracero program was unilaterally terminated by the U.S. in December 1964. By then it was under strong attack from various U.S. groups, chiefly because of concerns over its effects on wages and employment opportunities for U.S. nationals.

The retrospective judgment of most scholars in the field is that illegal immigration was stimulated in the wake of the Bracero program and had an adverse effect on the wages and working conditions of domestic agricultural workers.

We also can gain some insight into the desirability of a temporary worker program from the European experience. Europe admitted over 30 million workers outside permanent immigration channels for temporary employment between the mid-1950s and the early 1970s. The main driving forces were the high growth rates and the labor shortages of the 1950s and 1960s, and the theory was that migrants could be imported to fill job vacancies and that when growth rates fell, these migrants could be returned to their homeland. This theory turned out to be false. As Max Frisch, a Swiss writer, put it, "We asked for workers, but human beings came."

The main receiving societies in the European guest worker program were the nine EEC countries (excepting Ireland and Italy) and non-EEC Sweden and Switzerland. The sending countries included Ireland and Italy, Portugal, Spain, Finland, Greece, Turkey, Yugoslavia, Algeria, Sudan and Morocco. France and Germany recruited 70 percent of all guest workers but they had their greatest impact in Switzerland, where in 1970 nearly 35 percent of the workforce was foreign.

The European guest worker program reached its peak in 1970. Employers unable to attract domestic workers filed requests for foreigners at the local employment offices responsible for finding the foreign workers, arranging for travel, and collecting fees from employers to cover such expenses. By 1973 Germany employed 2.6 million guest workers; Switzerland 887,000; and Sweden 200,000. Remittances to labor sending societies topped $6 billion. Recruiting was abruptly halted in the wake of the 1973-74 energy crisis and at this point most European countries adopted a three-pronged strategy of coping with the guest workers. Migrants were encouraged to return (France instituted departure grants of $4,500 plus airfare for a family of four); bilateral assistance programs were offered to labor-sending countries to create more jobs in these nations; and there was a concerted attempt to integrate those guest workers who remained.

None of these solutions were very successful. Some guest worker who overstayed their welcome responded to threats and bribes and went home, many stayed, raising such issues as the rights of spouses and dependents to join already migrated workers, and the dependents' rights to seek employment in the country where the breadwinner was (or had been) temporarily employed. Many European nations eventually gave guest workers full legal rights, but it was a costly business, as in the mid-1970s, when domestic unemployment rates were rising and citizen workers resented what they saw as unfair competition for jobs from ex-guest workers and their dependents.

The net result of the European guest worker experience in the employing countries is a decreasing foreign workforce (five million) as there is no new recruitment of workers; an increasing foreign population (12 million) as dependents join ex-guest workers; and a host of economic, social, and political problems that these nations have not yet resolved. For example, in Switzerland and France 30 percent of the foreign population was under 15 in 1980 and in both countries efforts to integrate these foreign youths into the schooling system and into the labor market have largely failed. Chronic language problems, high school dropout rates and above average unemployment rates in this foreign group all point to the failure of the integration effort.

Perhaps the most telling truth about the European experience with guest worker programs is that even if unemployment decreases and job vacancies reappear, few observers expect labor-short countries to revert to temporary workers again.

Conclusions on Temporary Workers

Faced with this battery of arguments from the experts and this evidence form the experience of the U.S. and Europe, the Select Commission on Immigration and Refugee Policy voted down, by a large majority, the proposal that measures to curb illegal immigration should be accompanied by a large-scale foreign worker program. As a member of that Commission I fully supported that decision.[17] My continued work in subsequent years strengthens my conviction that it would be a serious mistake to adopt a temporary worker program. Conversations with my colleagues in the labor ministries of Western Europe when I was Secretary of Labor disclosed that most of them wished they had never adopted such programs. Moreover, conversations with officials of many sending countries disclosed that they had rarely realized expected benefits from guest worker programs. The younger, better educated workers tend to emigrate permanently, returning migrants usually have heavy preferences for expensive consumer durables, and return when unemployment already is high. The main advantage is temporary help with balance of payments while the sending countries' citizens are guest workers in the developed countries.

In conclusion, therefore, a system of amnesty for undocumented aliens, together with the traditional family unification rights of permanent residents would automatically increase the legal flow of foreign workers into the U.S. from Mexico, continuing the safety valve into the short-term future. If in subsequent years we establish a need for additional workers it would be better to admit workers as immigrants with full legal rights than to adopt a "temporary worker" program. I also believe we should make strong efforts to provide U.S. managers with stronger motives to recruit, train, and utilize unemployed American workers. We also should concentrate heavily on labor market and education programs to make it possible for low-income U.S. residents and their children to meet the human capital requirements of the 21st century. Failure to do this and to bring illegal immigration under control would be very detrimental to the quality of life in the U.S.

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17. Especially with the Economic Policy Council of the United Nations Association. See Economic Policy Council, Illegal Immigration: Challenge to the United States, EPC, New York, 1981.

Representative SCHEUER. We'll recess this hearing for about 13 minutes.

[A 13-minute recess was taken at this point.]

Representative SCHEUER. All right. The subcommittee will resume the hearing. We expect several other members, but in deference to the witnesses, we will start.

We'll first hear from Mr. John Keane, who was sworn in as Director of the U.S. Bureau of the Census in March 1984. He is responsible, in that role, for the Nation's largest statistical agency. He's had a wide variety of posts with the American Economic Association and the American Statistical Association. He's past president of the American Marketing Association, and he holds a Ph.D. in economics from the University of Pittsburgh.

Mr. Keane, we're delighted to have you with us here today. We'll ask you to testify for about 10 minutes, and then we'll go on to the other two witnesses, and then we will have questions for all three of you.

May I say for all of you that your prepared statements will be introduced into the record, and so you can chat informally, adverting to anything you may have heard from your colleagues on either side of you or perhaps from the previous witness, or whatever.

So with these words, Mr. Keane, we're delighted to have you. Please proceed.

STATEMENT OF JOHN G. KEANE, DIRECTOR, BUREAU OF THE CENSUS, ACCOMPANIED BY JEFFREY PASSEL, CHIEF, POPULATION ANALYSIS STAFF

Mr. KEANE. Thank you, Mr. Chairman.

This is certainly a welcome opportunity to address the timely issue of immigration.

I'd like to introduce to you, Mr. Jeff Passel, Chief of our Population Analysis Staff. He is in a dual role as my chart flipper but also to help me out when the questions get rough. [Laughter.]

I'd like to stress two things about the role of the Census Bureau that should serve as a useful perspective, before getting into statistics. One is, we're not a policymaking agency, and the other is, we're not involved in the formulation or the implementation or the administration of public programs in the area of immigration or in any other area, for that matter.

I stress this, because periodically, there's a lot of confusion on this point, and I don't want to disappoint you or any other member on the subcommittee on that count.

Having said that, my comments fall into these three areas.

One, Census Bureau data sources on immigration.

Two, demographic characteristics of the foreign-born population, and I'll include undocumented immigrants in that description.

Three, trends in immigration and their impact on U.S. population growth.

As I do so, along the way, I will be referring to a packet of charts here. We will be using all 11, except figures 3, 5, 7, and 9.[1]

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[1] See charts at the end of Mr. Keane's prepared statement.

Starting with the first of the three charts—Census Bureau Data Sources on Immigration.

Immigration affects two related demographic dimensions: population stocks and population flows. Most of the data on immigration flows do not come from the Census Bureau, but we make estimates to fill the gaps in existing data.

In our censuses and surveys, we collect data on the number of people in the country and their characteristics rather than data on flows. The primary source of current detailed Census Bureau data on immigrants is the 1980 Census. It provides data on where the foreign-born population lives, where they were born, when they came, and their social and economic characteristics.

More limited information is available from the April 1983 Current Population Survey and more will be available from the June 1986 Current Population Survey.

To the second area, the demographic characteristics of the foreign-born population.

According to the 1980 census, the foreign-born population of the United States was about 14.1 million or 6.2 percent of the population. This group grew very rapidly, by 46 percent, between 1970 and 1980, due both to legal and illegal immigration. This growth rate is over four times the growth rate of the native population.

The 1970's represent a turning point in U.S. immigration history.

Representative SCHEUER. Is that greater growth rate because of a much higher rate of fertility? Perhaps I didn't understand exactly what you said.

Mr. KEANE. The growth rate of the foreign born is influenced totally by immigration; their children born here would be native born. As to a specific cause of immigration, there isn't any one specific cause.

Representative SCHEUER. OK.

Mr. KEANE. The 1970's represent a turning point in U.S. immigration history. As this chart shows, foreign-born population increased for the first time since the 1920's. Also, the proportion of foreign born increased for the first time since the first decade of the century, but the percent of the population that is foreign born is still much smaller than in the 19th and early 20th centuries.

The foreign born is very concentrated, geographically. About one-fourth lives in California, about one-fourth in the States of New York and Florida, and about one-fourth in the four States of Texas, Illinois, New Jersey, Massachusetts, and Michigan. The top nine States combine for 75 percent of the foreign-born population.

New York City and Los Angeles consolidated metro areas, together with Chicago, Miami, and San Francisco, contain about one-half of the foreign-born population of the country.

Where do they come from? Although immigrants have come to the United States from all over the globe, a relatively few areas account for a significant fraction of the foreign-born population. Mexico accounted for the largest portion of the foreign-born population in 1980, 2.2 million persons, or one-sixth of the foreign born.

As this next chart shows, Europe and Canada accounted for almost 6 million, or 45 percent, of the foreign-born population. Latin America accounts for about one-third, of which about half is

Mexico. Asia has supplied just under one-fifth of the foreign-born population.

When did they come? Although immigrants have been coming throughout history, immigration has recently increased markedly. Almost 40 percent of the foreign-born population in the 1980 census, or 5.6 million persons, came to the United States during the 1970's.

The countries of origin of immigrants have changed, as legislation of the 1960's removed the preferences toward Europeans in the quota system. As shown on this chart, over five out of six of every foreign-born persons who came to the United States before 1950, and were still alive in 1980 when we did the census, were born in Europe or Canada. By the 1970's, less than one in five came from Europe or Canada.

According to the 1980 census, immigrants from Latin America and Asia account for less than one-sixth of the foreign-born population who entered before 1950, but more than three-quarters of those who came during the 1970's.

Now I will shift to undocumented immigrants.

The size and growth of the undocumented immigrant population of the United States has been a subject of considerable speculation for more than a decade. Census Bureau research on the number of undocumented aliens counted in the 1980 census has been central to the emerging consensus in the research community, that the undocumented population is smaller than the estimates of a decade ago would suggest.

Before I discuss the results of this research, I should stress that the confidentiality of the Census data was not compromised by this research. We used aggregated data from the census and did not attempt to determine the legal status of individuals in the census.

The 1980 census includes an estimated 2.1 million undocumented aliens. About three-quarters, or 1.5 million, came during the 1970's. Undocumented aliens came from all countries, but Mexico accounts for roughly 55 percent of the total. The balance of Latin America accounts for 22 percent and the rest of the world, 23 percent.

Undocumented aliens are even more concentrated geographically than the total foreign-born population. For instance, one-half in California, 30 percent in the four States of New York, Illinois, Texas, and Florida, 20 percent in the rest of the U.S.A. Los Angeles County, by itself, accounts for almost one-third of the U.S. total of undocumented immigrants.

Trends in immigration. Although we are in a period of high immigration, it is not unprecedented. It is true that the countries of origin are different and that much of the flow is undocumented; however, as this chart shows, the previous waves of immigration have been as large as this new immigration. During the first decade of the 20th century, almost 9 million persons immigrated to the United States, about twice the level of the 1970's.

From 1905 through 1914, annual immigration averaged more than 1 million, a level which exceeds the combined total of legal and net undocumented immigration today. At the turn of the century, the U.S. population was only about one-third of what it is today, so the immigration had a tremendous impact on American society. Even with the increases in immigration since World War

II, immigration is still much smaller, relative to the total population than in earlier periods of high immigration.

Population growth is a function of births, deaths, and net immigration. Net immigration is the most difficult to predict, because it fluctuates the most. The Census Bureau has made a number of population projections, using different scenarios on future fertility, mortality, and net immigration.

I point out that none of these that you are about to see, and I'll discuss briefly, is a prediction. It's a projection, but we do find that projections can be helpful in assessing the potential impact of different levels of immigration on future growth.

Representative SCHEUER. Are there any of those lines that you would hazard a guess as being reasonable predictions?

Mr. KEANE. No.

Representative SCHEUER. A reasonable prediction?

Mr. KEANE. No.

Representative SCHEUER. No.

Mr. KEANE. I think that is the difference in what I was trying to stress. The projection makes certain assumptions, and if those would occur. The likelihood of any of the four that I am about to talk about to occur, I wouldn't assess.

Representative SCHEUER. Well, do you want to give us your own set of assumptions and give us some kind of prediction as to what our population——

Mr. KEANE. No, that is beyond the realm of the Census Bureau to speculate and predict.

Representative SCHEUER. OK. I hear you.

Mr. KEANE. But I will give you the projections themselves, and perhaps you'll want to take a choice. [Laughter.]

Representative SCHEUER. OK.

Mr. KEANE. The zero migration, which is the first of the four projections, and the low-migration projection both show that the U.S. population would be decreasing by the year 2080. The middle migration projection is roughly consistent with current levels of net legal immigration. Under this scenario—the middle-immigration projection—the population would grow to about 300 million in the year 2080 from the current level of approximately 240 million. Continued immigration at the same level would maintain the U.S. population at about 311 million, indefinitely.

At the high level of immigration, 750,000 per year, which certainly would include a generous allowance for illegals——

Representative SCHEUER. You say, would not?

Mr. KEANE. Would.

Representative SCHEUER. But we have estimates from INS that illegal immigration this year will approximate 2 million.

Mr. KEANE. The legal or illegal.

Representative SCHEUER. Illegal.

Mr. KEANE. Illegal. Our estimates of net illegal immigration——

Representative SCHEUER. It was in the newspaper this morning, and they testified to that effect on the Senate side.

Mr. NELSON. Well, Mr. Chairman, we'd like to talk about the difference between "net" and "overall," because there might be some differences.

Representative SCHEUER. All right.

Mr. NELSON. I think our belief——

Representative SCHEUER. Sure.

Mr. NELSON [continuing]. Is why the total that might be getting in illegally might be in the 1 to 2 million area, we figure the net is about half a million a year.

Representative SCHEUER. Net?

Mr. NELSON. Net. I think that's probably higher than Census, but that's what we believe.

Mr. KEANE. On a comparable basis, our judgment is that on an annual basis, the period of the net illegal immigration is somewhere between 100,000 and 300,000, again stressing "net" illegal immigration.

Representative SCHEUER. Very Good.

Mr. KEANE. So this figure—this high level projection of 750,000 a year includes an allowance for illegals. On that basis, the population would grow to 325 million by the year 2030. Half of this growth would be attributable to new immigrants and their offspring. The U.S. population would continue growing into the 22d century.

In conclusion, the data I presented from the 1980 census show clearly that immigration has had a substantial effect on the size of the U.S. population. Our projections reflect a continued and significant role for immigration in population growth. The effect of immigration in American culture and society goes far beyond just the numbers involved to the contributions of immigrants and their descendants.

Because current and future immigration will continue to affect the social fabric of our Nation, it will continue to receive considerable attention from analysts and policymakers.

I hope the data I have presented today will aid in understanding immigration in a historical perspective and, thereby, additionally benefit deliberation on the matter.

Thank you.

Representative SCHEUER. Thank you very much, Mr. Keane.

[The prepared statement of Mr. Keane follows:]

PREPARED STATEMENT OF JOHN G. KEANE

Introduction

Mr. Chairman, thank you for this opportunity to present information that the Bureau of the Census has collected and developed pertaining to immigration and its impact on the country's population. The importance of this topic can be underscored when we note that about half of all population growth in the United States that has occurred since our first census in 1790 can be attributed to immigrants who came after 1790 and their descendants. Thus, it is only fitting that the United States has been called "a nation of immigrants." Over the last several decades, the issues surrounding immigration have been the focus of greater attention as increases in the level of immigration have been accompanied by increased concern about immigration and its effects.

The Census Bureau, as a general purpose statistical agency, is not involved in the administration of any immigration program nor are we responsible for formulation or implementation of public policy in the area of immigration. The Census Bureau does produce and use statistics on immigration. We also analyze immigration data from various sources to improve our methods and to help policymakers clarify their options. Through our censuses, surveys, and other programs, the Census Bureau produces and develops a wealth of information pertaining to immigration. My comments today will focus on Census Bureau data sources on immigration, demographic characteristics of the foreign-born population (including undocumented immigrants), trends in immigration, and their impact on the U.S. population growth.

Immigration can be thought of as affecting two related demographic dimensions--population stocks which represent the number of people in a given area at a particular time and population flows which are the number of people moving into or out of a given area during a particular time period. The Census Bureau plays a major role in producing (collecting) data on the stock of former immigrants, i.e., the foreign-born population. In measuring population flows, the Bureau produces some estimates to fill gaps in the existing data, but the primary data on immigration flows is collected by others.

Most of the data collected by the Census Bureau in our censuses and surveys relate to the number of people in the country and their characteristics rather than immigration flows. However, by asking questions relating to past demographic events and by combining data from various sources using analytic techniques, we can make some inferences about population flows from data on population stocks. In fact, most recent information on emigration and undocumented immigration comes from just such estimation techniques.

The primary source of current detailed Census Bureau data on the foreign-born population is the 1980 decennial census. In the census, we asked a sample of households about country of birth, citizenship status, and year of immigration. These data provide a great deal of information on persons who immigrated to the United States at some point before the 1980 census. We have information on where the foreign-born population lives, where they came from, when they came, and their social and economic characteristics.

The Census Bureau conducts a monthly survey of the population--the Current Population Survey (CPS)--which is designed primarily to measure employment. Although this survey does not routinely collect information specifically for the foreign-born population, we have occasionally added questions to the survey that asked country of birth and other information relating to immigration. Because the CPS sample is much smaller than the census sample, the information collected about the foreign-born population in the CPS is much less detailed than census data. The foreign-born supplements are valuable, however, not only for the information they provide on the stock of the foreign-born population, but also because we can produce information on population flows, particularly undocumented immigration, by analyzing the survey in conjunction with other demographic data. The most recent Census Bureau surveys on the foreign-born population were conducted in November 1979 and April 1983; we will conduct our next one in June 1986.

Neither the decennial census nor the Current Population Survey directly seek information on the legal status of immigrants. That is, we do not ascertain whether individuals are aliens admitted for permanent residence, refugees, aliens with other types of visas, or undocumented immigrants. We have been able to make some inferences about the numbers of undocumented immigrants in the census and surveys, but we have used aggregated data in our analyses. In addition, we keep all individual census data confidential and share them with no one. Undocumented immigrants should have no concerns about answering the census or our surveys because we will not disclose individually-identifiable information to any third party for any purpose.

Most of the material I will present today comes from the 1980 census, but I will also draw on some of our analytic studies, our population projections, and historical data from the Immigration and Naturalization Service.

Foreign-Born Population in the 1980 Census

According to the 1980 census, the foreign-born population of the United States was about 14.1 million, or 6.2 percent of the total population. This group is a very rapidly growing segment of the population. Between 1970 and 1980, the foreign-born population grew by some 4.5 million persons, or an astounding 46 percent! This is over 4 times the growth rate of the native population during the 1970s. The extremely rapid growth in the foreign-born population stems from increased legal immigration, as well as the inclusion of approximately 2 million undocumented immigrants in the 1980 census count.

The 1970-1980 decade represents a turning point in the history of U.S. immigration. As figure 1 clearly shows, the foreign-born population increased during the 1970-1980 decade for the first time since 1930. Even more striking, the proportion of the total population that was foreign-born increased for the first time since 1910. Even with this recent increase, the percent of the population that is foreign-born in the last three censuses is smaller than it has been since the early years of the Republic. Immigration has continued into the 1980s at roughly the levels of the late 1970s. As a result, we can expect the 1990 census to show a continuation of the trends in figure 1.

Where do they live?

The foreign-born population in the United States is very concentrated in a few geographic areas. In 1980, one-fourth of the entire foreign-born population, or 3.6 million persons, lived in the state of California alone. Another one-fourth of the foreign-born population lived in the next two states--New York and Florida. All together, one-half of the foreign-born population that was included in the 1980 census were in these three states. Figure 2 shows the

9 states with the largest foreign-born populations: California, New York, Florida, Texas, Illinois, New Jersey, Massachusetts, Michigan, and Pennsylvania. These states contain 10.8 million foreign-born persons, or 77 percent of the U.S. total. Only 3.3 million foreign-born persons, or less than the state of California has by itself, live in the other 41 states and the District of Columbia.

If we look at metropolitan areas, the concentration of the foreign-born population is even more pronounced. Almost 1 out of every 5 former immigrants, or 2.7 million foreign-born persons, live in the New York City Consolidated Metropolitan Area. This figure is larger than the foreign-born population of any state (except California). The Los Angeles Consolidated Metropolitan Area is another large concentration, containing a foreign-born population of 2.1 million. The next 3 largest metropolitan areas in terms of size of their foreign-born population are Chicago with 800,000, and Miami and San Francisco with about 700,000 each. One-half of the foreign-born population of the United States lives in these 5 metropolitan areas.

Where did they come from?

Immigrants to the United States have come from all over the world. The U.S. stock of foreign-born population, as measured by the 1980 census, reflects the accumulation of immigrant flows throughout the 20th century, not just the origins of recent immigrants--but more about this in a moment. A relatively small number of countries accounts for a significant portion of the foreign-born population. However, as figure 3 shows, the concentration of origins is not nearly so great as the geographic concentration of the foreign-born within the United States (in figure 2).

Mexico supplied the largest portion of the foreign-born population in the 1980 census. Almost one-sixth of the foreign-born population in 1980 was from Mexico, accounting for 2.2 million persons. This figure, which includes a sizable number of undocumented immigrants, was almost two-and-a-half times the size of the second largest group--persons born in Germany, about 850,000. The populations born in Canada and Italy are each only slightly smaller than the German-born population, at about 800,000 each. The foreign-born populations from the next 6 countries--the United Kingdom, Cuba, Philippines, Poland, the Soviet Union, and Korea--in total account for about one-fifth of the foreign-born population in 1980. (See figure 3.) All other countries combined represented 6.5 million persons, or 46 percent of the foreign-born population.

Another way of looking at these data is to examine how much of the foreign-born population comes from each region of the world. As figure 4 shows, Europe (including the U.S.S.R.) and Canada supplied almost 6 million of the foreign-born population, or 45 percent. Latin America (i.e., Mexico, Central America, the Caribbean, and South America) accounted for one-third of the foreign-born population, or 4.4 million persons. Asia has supplied just under one-fifth of the foreign-born persons in the 1980 census, or 2.5 million persons. The remaining regions of the world accounted for less than 300,000 persons, or 2 percent of the foreign-born population in the 1980 census.

When did they come?

Immigrants have been coming to the United States throughout our entire history. The mix of persons counted as foreign-born in any census represents the accumulation of immigrant flows from the decades before the census balanced out by emigration of former immigrants and deaths of immigrants after they arrive. Thus, the data on immigrants by period of entry to the United States, as well as by country of birth, tend to be tilted toward more recent periods. The 1980 census reflects just this situation.

The recent pronounced growth of the foreign-born population shows clearly in the data for the various periods of entry. Almost 40 percent of the foreign-born population in the 1980 census, or some 5.6 million persons, came into the country during the 1970s. Even though other periods had more immigration, notably the period of mass European immigration prior to World War I, the last decade accounts for more immigrants in the 1980 census than any other period. This is a result of the increasing immigration during the 1970s, including undocumented immigration, and the passage of time, since the immigrants from the earlier large migrations are now nearly all deceased.

Not only has immigration increased dramatically in recent years, but there has been a significant shift in the countries of origin of immigrants. The immigration legislation of the 1960s removed the preferences toward Europeans in the quota system. This act opened up immigration to persons from all countries on a more equitable basis. After the legislative change, immigrants started coming from areas which had not traditionally been sources of immigration to the United States.

The country-of-origin data from the 1980 census show that it did not take very long for significant changes to occur. Figure 5 shows data from the 1980 census for the 10 countries contributing the largest foreign-born populations among persons who entered the United States during two periods--the 1970s and before 1960. The preeminence of Mexico as a source of immigrants in the 1970s is immediately obvious. Our research suggests that this is in large part a function of the undocumented immigrants who were counted in the 1980 census. The other significant feature shown in figure 5 is that only 3 countries are common to both periods--Mexico, Canada, and the United Kingdom. The remaining 7 countries for the period before 1960 are all European; for the 1970s, they are Asian and Caribbean countries.. These differences represent substantial changes over a relatively brief period of time. Data on immigration flows for two more widely separated periods, such as 1970-1980 and 1900-1910, would show even greater changes.

Significant changes have occurred in the overall composition of the foreign-born population by region of birth, as well, for each of the different periods of immigration. (See figure 6.) Over 5 out of every 6, or 84 percent, of the foreign-born persons who came to the United States before 1950 (and were still alive in 1980) were born in Europe (including the U.S.S.R.) or Canada. The corresponding figure was about 2 out of 3, or 68 percent, for persons who entered in the 1950s. For the 1960s, the proportion was only 37 percent--reflecting a decline which continued into the 1970s, when only 18 percent or less than 1 in 5 of the foreign-born population came from Europe or Canada.

The shift away from Europe as the main source of immigration was marked by a shift to Latin America and Asia as the principal sources of recent immigrants to the United States. Latin America accounts for only 10 percent of the foreign-born population who entered the United States before 1950, according to the 1980 census. For the 1950s, the proportion was twice as great--21 percent of the foreign-born population; for the 1960s, the proportion was again more than double--45 percent. For the 1970s, the proportion of the foreign-born population who entered during the decade from Latin America remained about the same as for the previous decade.

Immigration from Asia showed an even larger proportional increase than did immigration from Latin America. Among the foreign-born population counted in the 1980 census who entered the United States before 1950, less than 5 percent were born in Asia. With the legislative changes in the 1960s, this proportion more than tripled to 16 percent for immigrants who entered in the 1960s (and were still here in 1980). This proportion doubled during the 1970s to the point where 34 percent, or 1 out of every 3 immigrants during the 1970s, was from Asia. Over the 30-year period from 1950 to 1980, the foreign-born population changed from a composition with less than one-sixth of the immigrants from Latin America or Asia to one with more than three-quarters of the immigrants from these two regions.

Undocumented Immigrants

The size and growth of the undocumented immigrant population has been a subject of considerable speculation in this country for more than a decade. Although there is still much to learn about this difficult-to-measure population, research over the last several years has pointed to much smaller numbers of undocumented immigrants than suggested by the speculative assessments that receive most of the publicity. The emerging consensus was summarized last year by the National Academy of Sciences' Panel on Immigration Statistics which concluded that ".....although all the studies suffer from uncertainties, the number of illegals currently in the United States is between 2 and 4 million..."

The Panel's assessment of the size of the undocumented population was based on a review of empirical studies, many produced by the Census Bureau. Central to their conclusion is our research involving the 1980 census. This work involved comparing aggregate census data for the foreign-born population with estimates of the legally-resident foreign-born population. The excess in the census over the estimate of legal foreign-born residents is interpreted as undocumented immigrants counted in the census.

Several points need to be emphasized regarding this research. First, the comparisons involved aggregated data not census records on individual immigrants. Second, the estimates refer generally to immigrants whose permanent residence is the United States; temporary undocumented workers, such as seasonal farm laborers, and undocumented commuters are not included. Next, the results of the research are estimates, which are subject to error, and they represent only those undocumented immigrants included in the census, not the total number. Finally, the undocumented immigrants in the 1980 census were included in the census data on the foreign-born population I presented earlier. The figures on undocumented immigrants in the census should not be added to those I presented earlier.

Numbers and Origins of Undocumented Immigrants. Comparison of the independently-derived estimates of the legally resident alien population on April 1, 1980 with the 1980 census count shows that an estimated 2,057,000 undocumented immigrants were included in the 1980 census. Most of the undocumented immigrants--1,517,000 or 74 percent--entered the United States during the 1970s. The 5 years prior to the census, accounted for almost half of the overall total as 46 percent, or 941,000 persons, entered during the 1975-80 period.

Undocumented immigrants come from all countries that contribute legal immigrants to the United States. However, no single country other than Mexico appears to contribute a substantial proportion of the undocumented immigrant population. Mexico accounts for roughly 55 percent of the undocumented immigrants included in the 1980 census. (See figure 7.) Latin America, including Mexico, and the rest of the Caribbean represent 1,582,000 or 77 percent of the total undocumented immigrants counted in the 1980 census. The remainder of the world--Europe, Canada, Asia, Africa, and Oceania--contributed 474,000 or 23 percent of the undocumented immigrants counted in the 1980 census.

Five countries of the 40 countries and groups of countries for which we made estimates had approximately as many or more undocumented immigrants than legally resident aliens--Mexico, El Salvador, Guatemala, Haiti, and Iran. For the Mexican-born population in the 1980 census, the number of undocumented immigrants who entered in the 1975-1980 period (559,000) was nearly double the number of legal residents who entered during the same period. Excluding the 5 countries just listed, legally resident aliens far outnumbered undocumented immigrants.

Geographic Distribution of Undocumented Immigrants. Undocumented immigrants are not distributed uniformly across the country. They are even more concentrated than the total foreign-born population and tend to live in states with large legal immigrant populations and especially large Latin American populations. (See figure 8.) Almost exactly half of the undocumented immigrants counted in the 1980 census, or 1,024,000 persons, live in California alone. The 4 states with the next largest undocumented populations--New York, Texas, Illinois, and Florida--include just over 30 percent of the group, giving the 5 largest states over 80 percent of the undocumented immigrants. Other areas of concentration include the national capital area, other southwestern states, and the Pacific northwest.

The concentration of undocumented immigrants in metropolitan areas is just as great as in states. We estimate that one SMSA (Standard Metropolitan Statistical

Area), indeed one county--Los Angeles County--included 658,000 undocumented immigrants in the 1980 census or almost one-third of all those in the country. The total for Los Angeles includes 500,000 undocumented Mexicans or 44 percent of all undocumented Mexicans in the 1980 census. Only 2 other SMSAs had over 100,000 undocumented immigrants in the 1980 census: New York City with 212,000 and Chicago with 127,000. These 3 areas together account for almost half of the undocumented immigrants in the country. (See figure 9.)

Our estimates show that the 13 areas with more than 25,000 undocumented immigrants counted in the 1980 census have about three-quarters of the U.S. total. This group includes 6 SMSAs in California (Los Angeles, Anaheim, San Francisco, San Diego, Riverside, and San Jose), 3 areas in Texas (Houston, Dallas-Fort Worth, and the non-metropolitan portion of the state), and the New York City, Chicago, Washington, D.C., and Miami SMSAs. All of these areas are "known" to have large undocumented populations. Noticeably absent from this list are the border cities of Texas. These areas apparently do not have large numbers of undocumented permanent residents, but probably have large numbers of temporary undocumented workers and undocumented commuters. Clearly, not all areas with undocumented aliens in their labor force have them in their resident population.

Growth of the Undocumented Immigrant Population. The difficulties of measuring the size of the undocumented immigrant population are compounded at least twice over in measuring the growth of the undocumented population. In order to know how fast the population is growing, it is necessary to know the size of the population at two points in time. For obvious reasons, this has proved to be very difficult to do for the undocumented immigrant population.

We are conducting research to try to measure growth of the undocumented immigrant population with the April 1983 Current Population Survey (CPS), which included questions on country of birth, citizenship, year of immigration, and country of birth of parents for all persons aged 14 years and over. According to this research, about 2 million undocumented immigrants aged 14 years and over were represented in the April 1983 Current Population Survey. Although these estimates are not as precise as the ones for the 1980 census which I mentioned earlier, they suggest that the undocumented population grew annually by 100,000 to 300,000 over the 1980-1983 period. We are planning to update this research with the results of the June 1986 supplement to the Current Population Survey.

Impact of Immigration on United States Population Growth

The earlier discussion of recent immigration might give the impression that we are in a period unprecedented in American history. This is not the case. I would like to give some historical perspective to the discussion before moving on to talk about the impact of immigration on future population growth. It is true that much of current immigration is different from past immigration; for example, the countries of origin of the new immigrants are different and much of the flow is undocumented. However, previous waves of immigration have been as large as this new immigration. During previous periods, immigration had relatively much greater effects on the growth of U.S. population than it does now.

As I showed earlier, the foreign-born population was a much larger proportion of the total population during the last century than it is today. Legal immigration then was much greater in relation to the total U.S. population at the time than it is today; for a few decades, immigration was much larger even in absolute terms than it is today. Figure 10 uses data from Immigration and Naturalization Service to trace the history of legal immigration to the United State from 1821 to 1980.

During the first decade of this century, almost 9 million persons immigrated to the United States. This is about twice the number of legal immigrants who arrived in the U.S. during the 1970s. From 1905 to 1914, annual immigration averaged more than 1 million. This level of immigration probably exceeds the combined total of legal and net undocumented immigration today. This immigration at the turn of the century had a tremendous impact on American society since the U.S. population then was only about one-third of its current size. For example, in 1908 alone, immigration added 4 percent to the U.S. labor force and, according to the 1910 census, about 20 percent of the labor force had immigrated since the previous census in 1900. These figures are approximately 10 times what they have been in recent years.

Immigration dropped during World War I and then decreased steadily from the early 1920s through the 1930s because of restrictive legislation and the Great Depression. Since the end of World War II, legal immigration has increased fairly steadily, reaching the levels comparable to those of 1880-1900 and 1910-1930 in terms of the numbers of immigrants. Of course, because our population is much larger now than it was then, immigration is much smaller today relative to the size of the total population and to other sources of population growth than in the decades of high immigration around the turn of the century.

Impact of Immigration on Future Population Growth

Growth of U.S. population in the future is a function of the levels of fertility, mortality, and net immigration. The relative impact of immigration obviously depends on the future course of all components. Although none is easy to predict, net immigration (the difference between immigration and emigration) is in many ways the most difficult because it tends to fluctuate more than the other components. In particular, the level of legal immigration is hard to predict because it is subject to direct legislative and political control.

The Census Bureau has made a number of population projections using different scenarios for fertility, mortality, and net immigration. Although none of these is actually a prediction, we can use them to assess the potential impact of different levels of immigration on the growth of U.S. population. Figure 11 shows four different projections of the U.S. population starting from the 1980 census and going to 2080.

All four series of projections are based on the same levels of fertility and mortality. The only differences are in the assumptions about future net immigration. The lowest projection assumes that after 1982, there is no net immigration. By comparing the other series to this one, we can assess not only the direct impact of immigration, but also the additional population growth contributed by the offspring of the future immigrants. The low immigration assumption is annual net immigration of 250,000--a level somewhat lower than current net legal immigration. The middle assumption is 450,000 net immigration every year from 1982 through 2080. This level of net immigration is approximately the current level of legal immigration. The highest projection series assumes 750,000 net annual immigration which is consistent with current levels of net legal immigration plus undocumented immigration slightly higher than the upper limit suggested by our research.

The zero migration projection and the 250,000 projection both show that the U.S. population would be decreasing by 2080, although the decline starts later and is not as rapid in the 250,000 migration series. By 2030, the population would be about 6 percent higher with 250,000 annual immigration than with no immigration. Even at this low level, immigration would account for 30 percent of the population growth in the next 45 years.

The middle migration series, roughly consistent with current levels of legal immigration, shows that the population would grow to about 311 million by 2080 from a current level of 237 million. Continued immigration at the same level would maintain the U.S. population at about 311 million indefinitely. The projected population under this middle scenario is about 11 percent larger than the no immigration projection by 2030 and 25 percent larger by 2080.

At the high level of immigration--750,000 per year--the U.S. population would grow to 325 million by 2030 and 355 million by 2080. It would continue growing into the 22nd century. By 2030, the population would be 18 percent larger than if there were no immigration and 50 percent of the growth between 1982 and 2030 would be attributable to post-1982 immigrants and their offspring.

Conclusion

The data I have presented show clearly that immigration has had a substantial effect on the size of the population of the United States. The Census Bureau projections show that the growth of the U.S. population will be affected to a significant degree by what immigration is going to be in the future. Immigration has had a tremendous effect on American culture and society beyond just the numbers involved through the contributions of immigrants and their descendants. Because current and future immigration will continue to affect the social fabric of our nation, it will continue to receive the attention of analysts and policymakers. I hope the data I have presented here will aid in understanding immigration in historical perspective and will contribute to your deliberations on the matter.

Figure 1

Foreign-Born Population of the United States
1850 to 1980

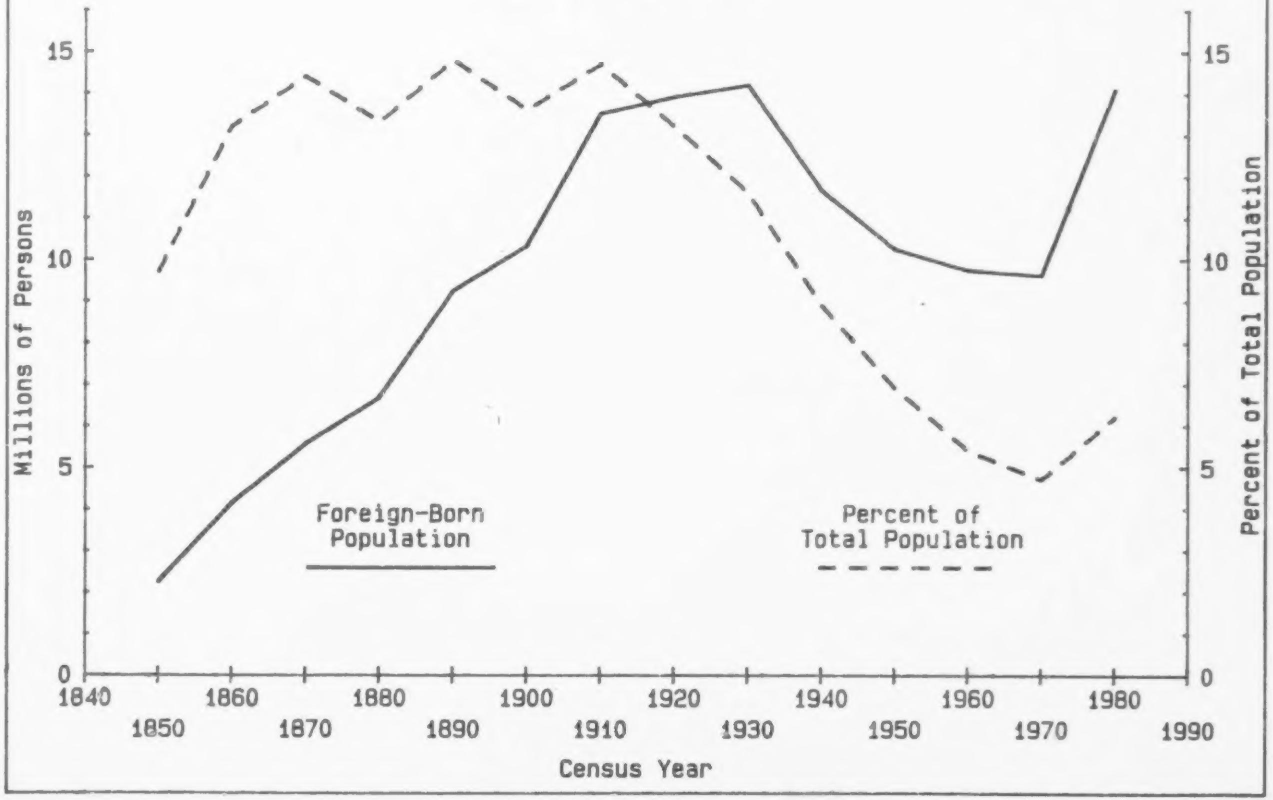


Figure 2

Foreign-Born Population by State: 1980 Census

(Populations in 000's)

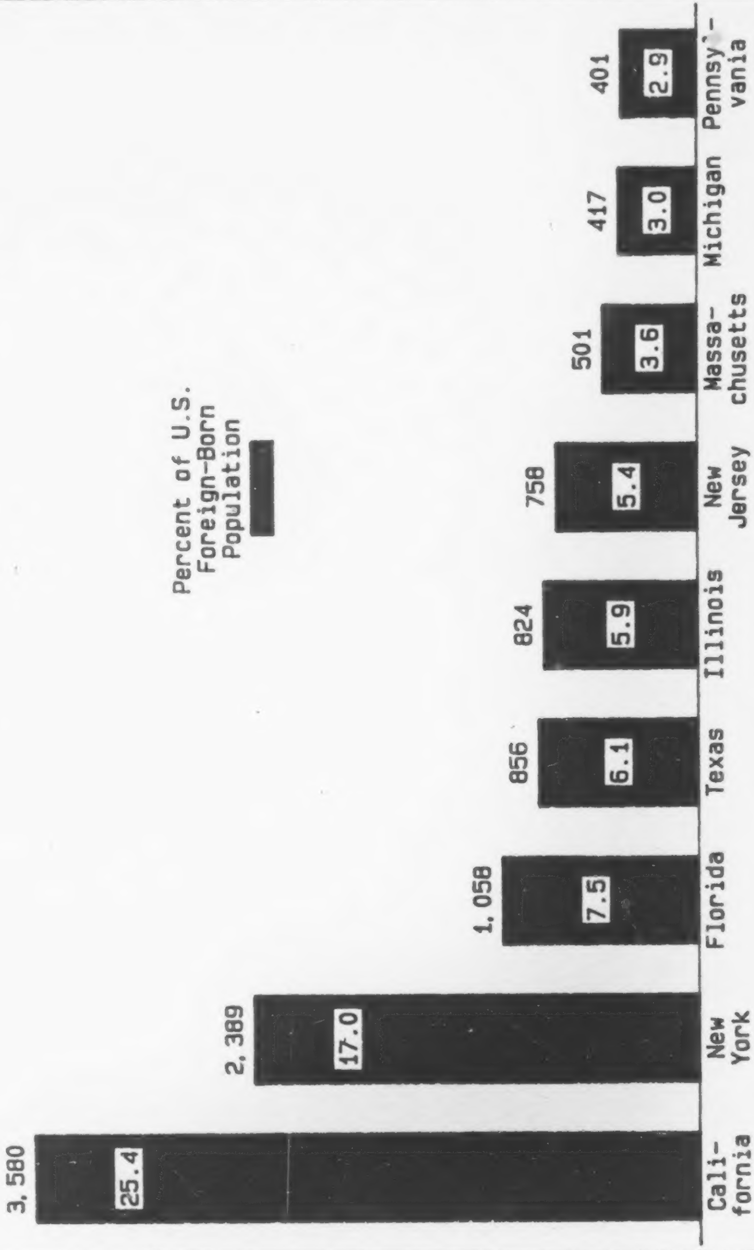


Figure 3

Foreign-Born Population
by Country of Birth: 1980 Census
(Populations in 000's)

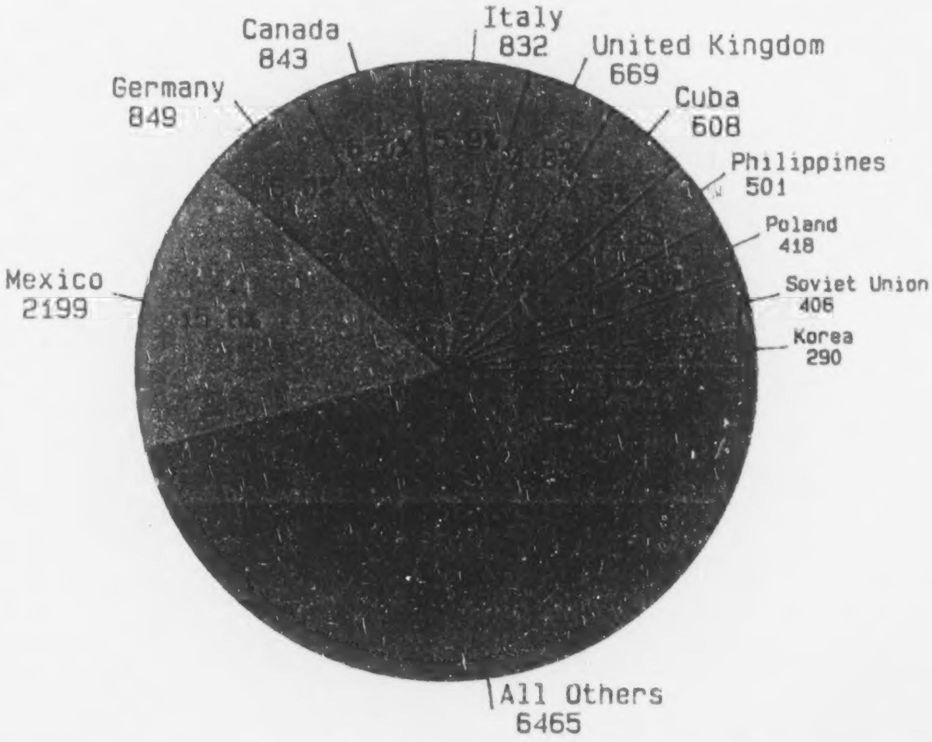


Figure 4

Foreign-Born Population by Region of Birth: 1980 Census

(Populations in 000's)

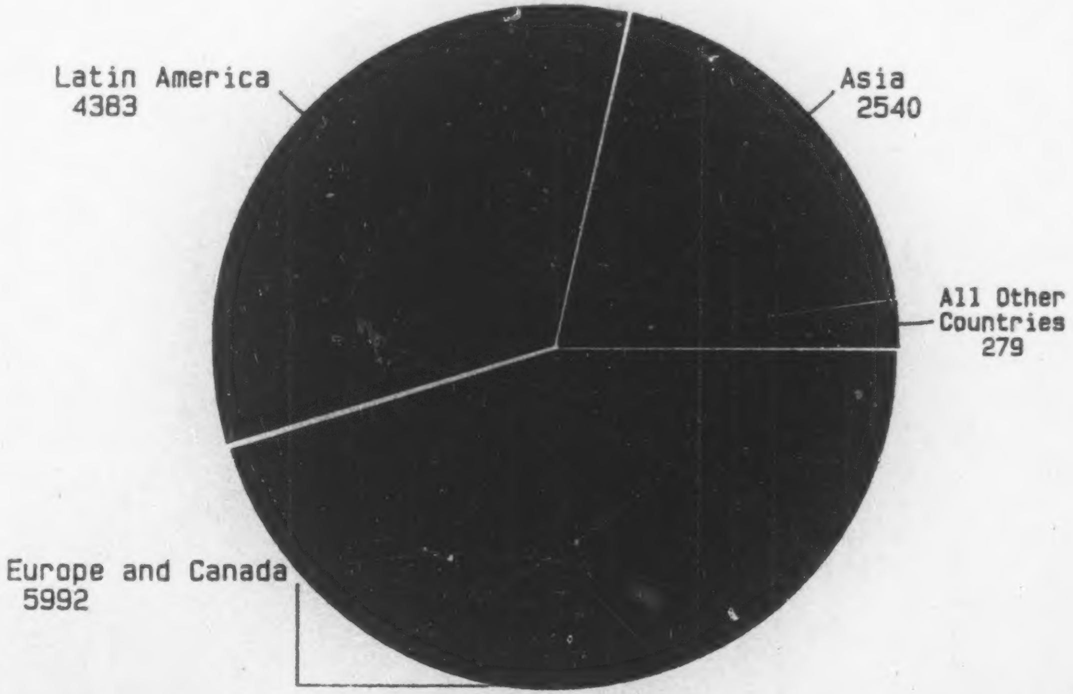
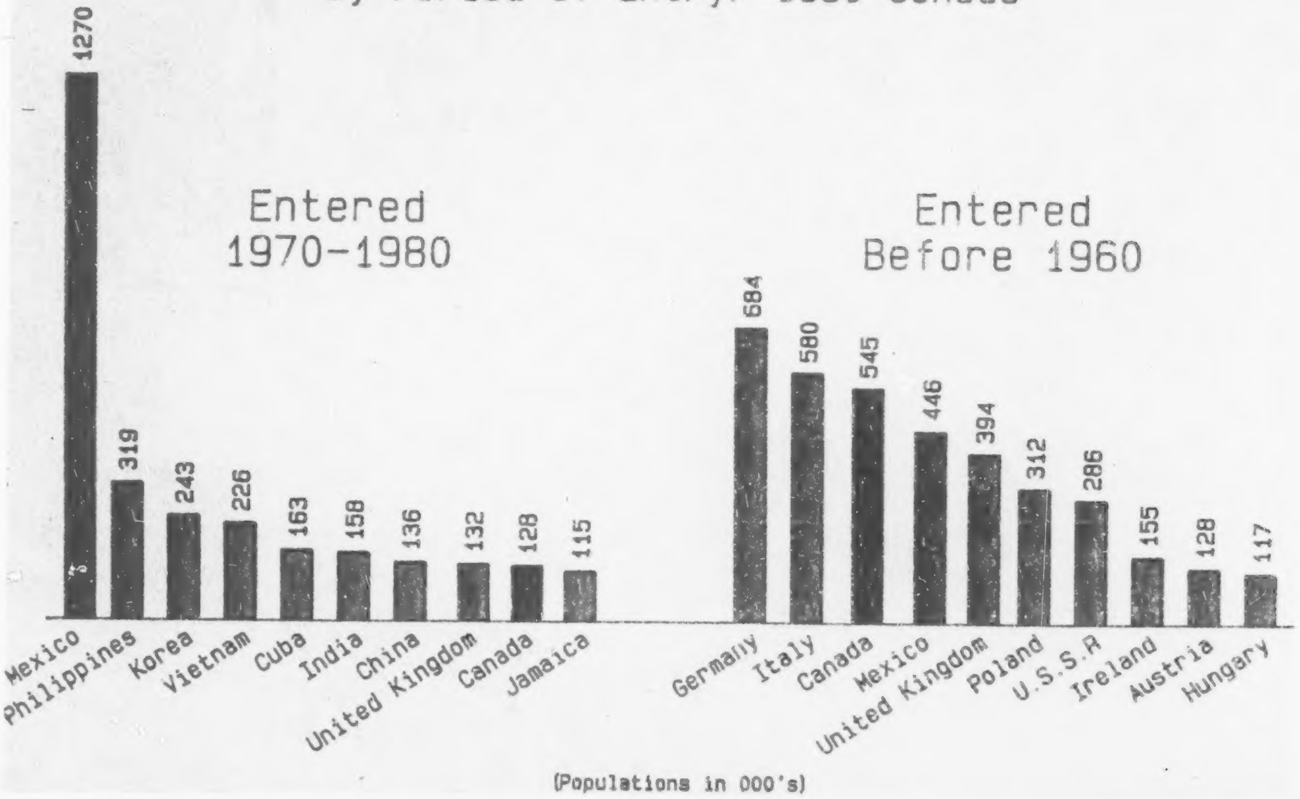


Figure 5

Leading Countries of Immigration
by Period of Entry: 1980 Census



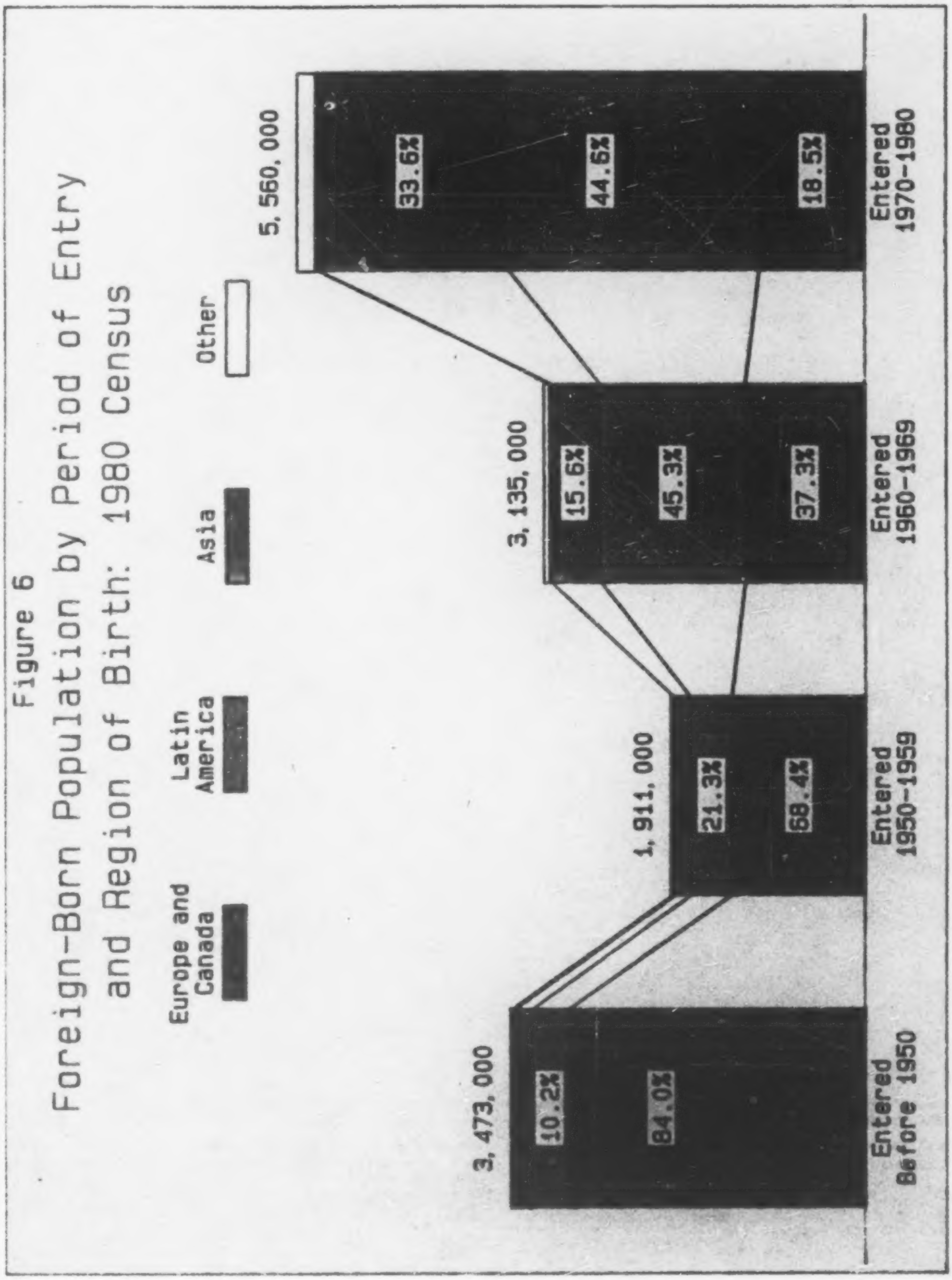


Figure 6

Foreign-Born Population by Period of Entry and Region of Birth: 1980 Census

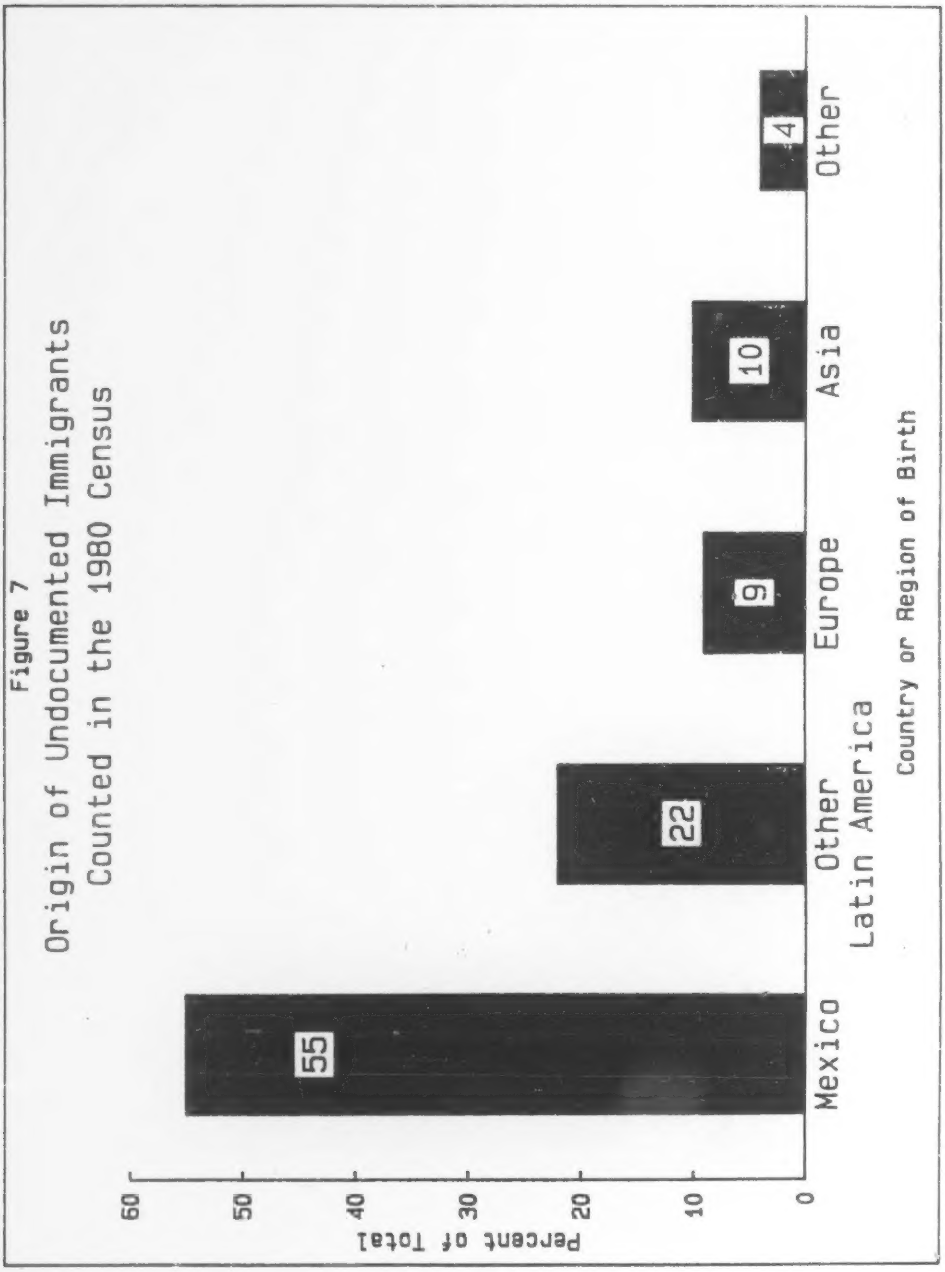


Figure 7
Origin of Undocumented Immigrants
Counted in the 1980 Census

Figure 8

Estimates of Undocumented Immigrants Counted in the 1980 Census for States

(Populations in 000's)

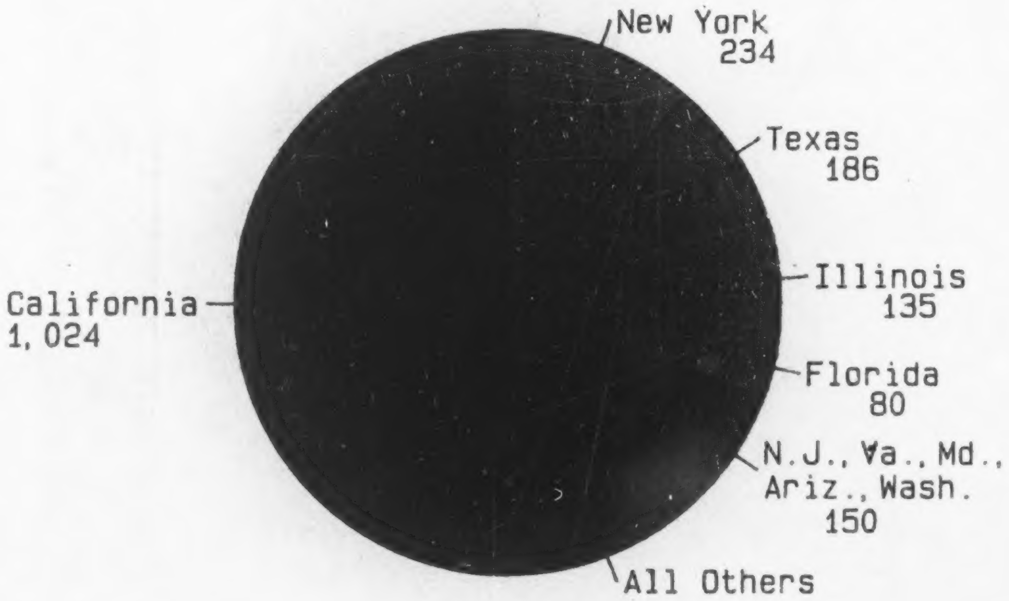


Figure 9

Estimates of Undocumented Immigrants
Counted in the 1980 Census for Metropolitan Areas (SMSAs)

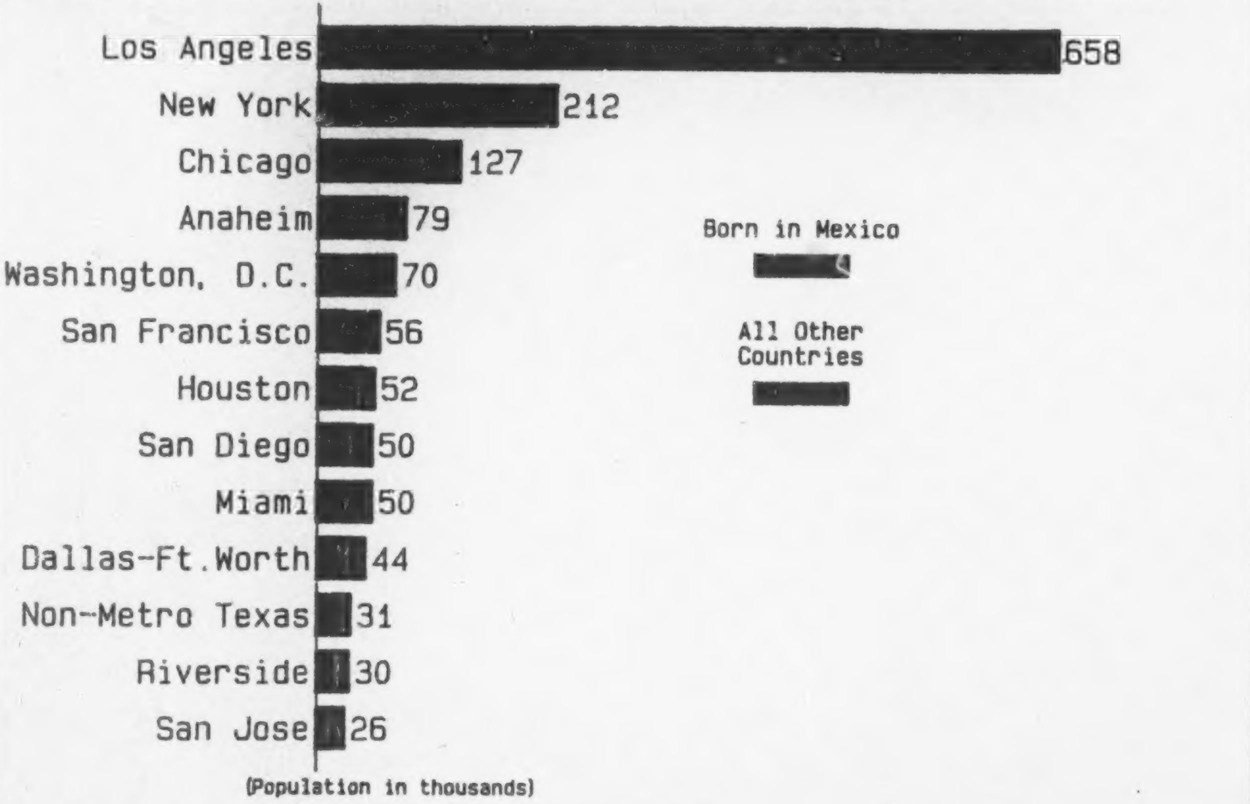


Figure 10

Legal Immigration to the United States
by Decade, 1821-1830 to 1971-1980

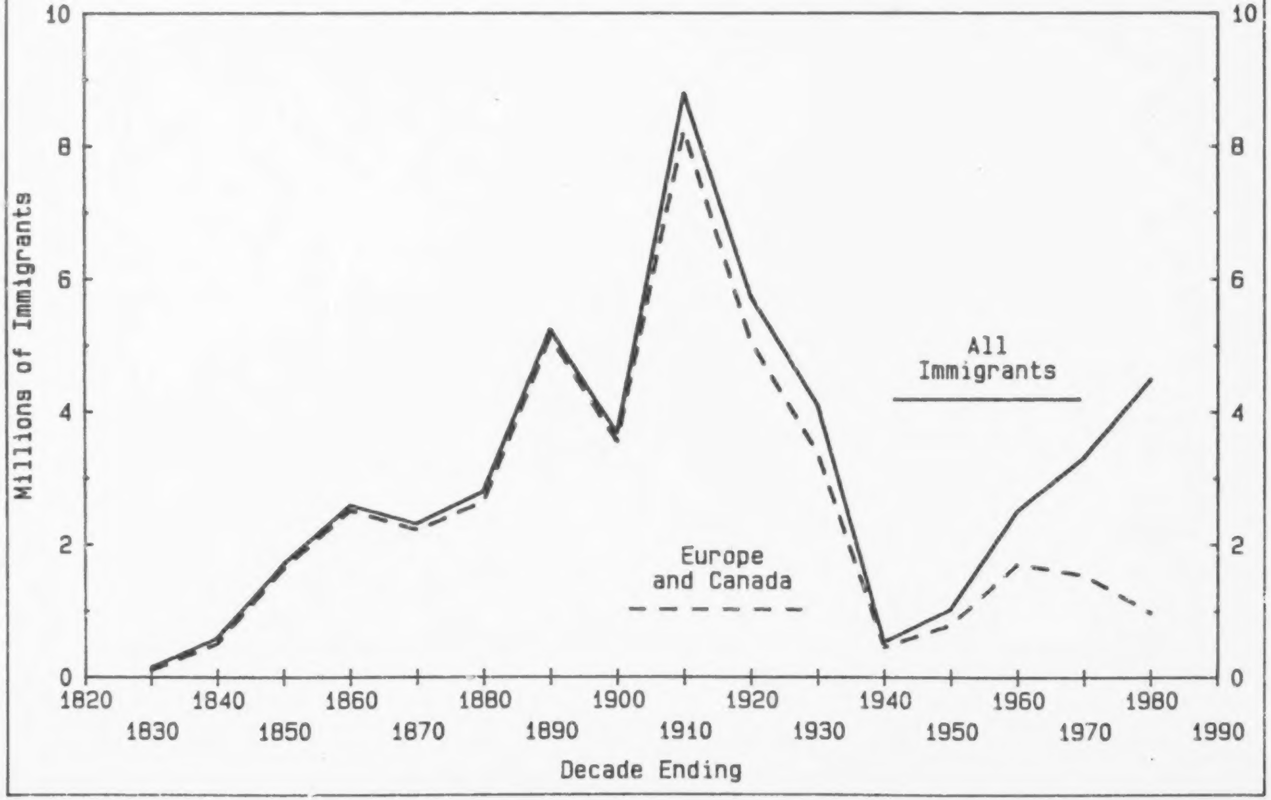
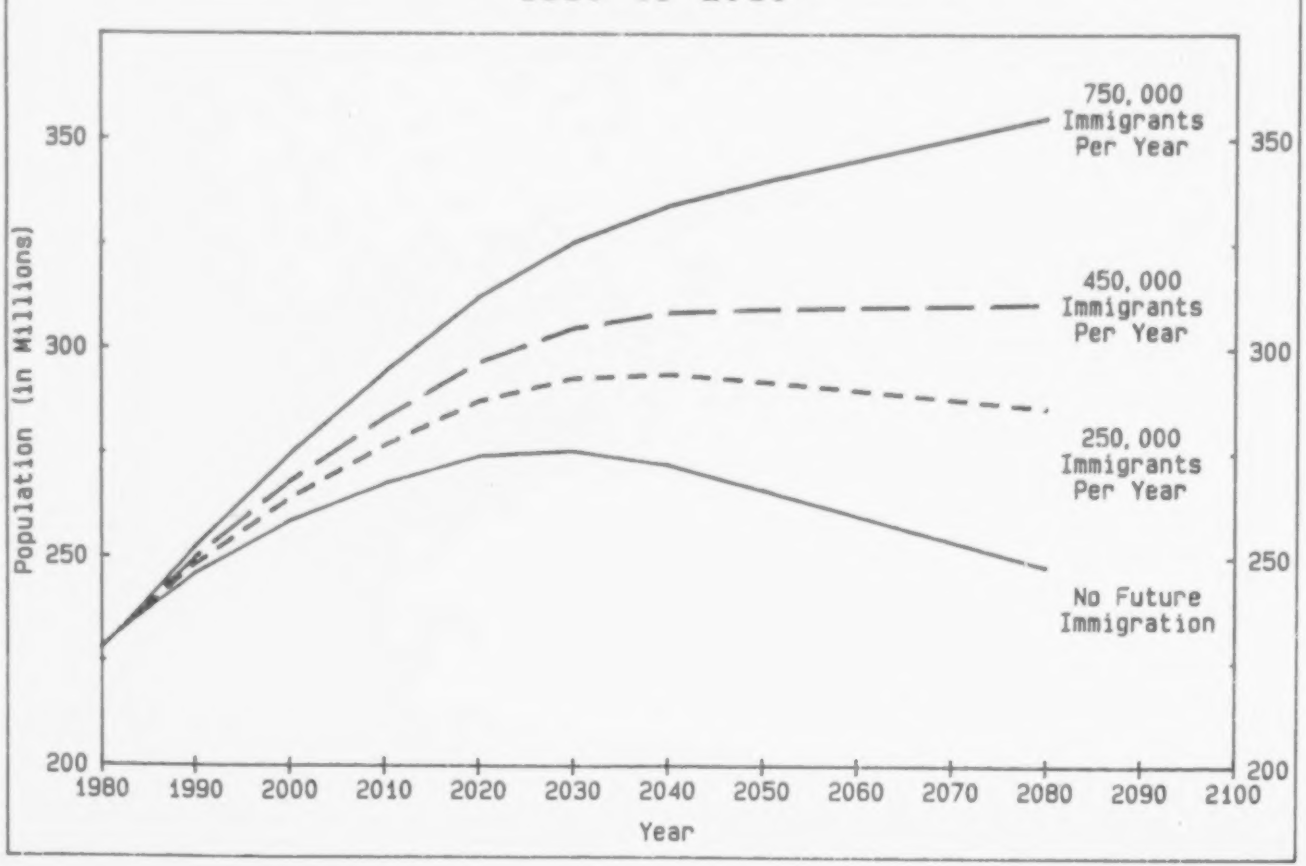


Figure 11

Impact of Net Immigration on the Future U.S. Population:
1990 to 2080



Representative SCHEUER. Now we will hear from Mr. Alan Nelson, who is Commissioner of the Immigration and Naturalization Service and has been for the last 4 years. He served as Deputy Commissioner before that and has had a wide variety of government jobs. He holds a doctor of jurisprudence from the University of California at Berkeley.

We are delighted to have you here, Mr. Nelson. Please take approximately the same 10 minutes that Mr. Keane had.

I repeat that your testimony, your prepared statement will be printed, in full, so you can chat with us informally.

STATEMENT OF ALAN C. NELSON, COMMISSIONER, IMMIGRATION AND NATURALIZATION SERVICE

Mr. NELSON. Thank you, Mr. Chairman. It is a pleasure being with you. And I will just summarize from the prepared statement within that timeframe.

Compliments to you and your subcommittee for having this examination of current immigration flows and their impact on our society. It is particularly appropriate in this year, as we prepare to celebrate the 100th anniversary of the Statue of Liberty and the immigrant heritage that the statue represents. And I might add, that the statue does not represent a heritage of illegal immigration, despite what some people might say.

With respect to legal immigration, I will make a couple of comments. In the 1980's, we admitted an average of 600,000 legal immigrants per year. In the last fiscal year, for example, it's 570,000; 264,000 of those were persons admitted under the six preferences in the law and the remaining 306,000 were exempt from that under the immediate relative provisions.

We are seeing an increase in the immediate relatives coming in. Part of that is due to a success story, in that we have been much more effective in recent years in naturalizing more people; consequently, they petition for their relatives. So success breeds success, but we think that's a good area.

But in the negative area, however, there has been clearly in our opinion, an increase in marriage fraud. Marriage, of course, is the easiest ticket to come into the United States, because they do enter without going through the longer preference system and come in quickly.

So there has been a lot of determination that some statutory and other changes are necessary.

Senator Simon has introduced a bill, with Senator Simpson's assistance and Congressman McCollum, in the House, a similar bill, and we concur with those, basically, and hope we can get some legislation that will enable us to better deal with the marriage fraud problem.

The total refugee numbers, of course, as a general policy, have been declining over the last number of years. We continue with the consultation process, expecting the number to level off somewhere in the 50,000 annual range in the future.

Let me talk a little about impacts of legal immigration. I would think most would agree that legal immigration is generally too complex, too broad a subject, and too dynamic to be captured in a single comprehensive picture. Rather, it's really a multitude of snapshots that give us the picture. But I think there's probably general concurrence that the new immigrants today follow the traditional pattern, by and large, of assimilation and making the same kind of social, economic, and political contributions as have their predecessors, and that we think that this is a very good trend.

Now let me shift, Mr. Chairman, to illegal immigration in the 1980's. If we point with pride, as we do, to the continuing revitalization of this country through legal immigration, we must acknowledge the serious problems we face from the continuing and increasing flow of illegal immigrants into our society. I would like to emphasize that this administration has clearly stated its policy opposing illegal immigration. We must regain control of our borders. We must do this through a variety of areas; particularly, the need for the effective employer sanctions. Since people are largely coming for jobs, that element is a necessity.

Last year, INS enforcement personnel—I'm talking about last fiscal year—apprehended about 1.3 million illegal aliens. About 1.2 million on the Mexican border, the other in the interior.

At the current trend, being halfway through the year, there has been about a 50-percent increase. We anticipate about 1.8 million apprehensions.

Now, that's just the ones we're catching. There is obviously an unknown number that have successfully crossed our borders. And I think your statement earlier, we would believe that probably 2 million is probably a reasonable estimate that have obtained illegal admission.

Again, a lot of those return, and there's a back-and-forth flow, so you get into the debate, and it's a difficult one as to what net increase there is, but I think everyone agrees there is a significant impact and one that must be of concern.

As a specific example, in one 66-mile stretch of border that Congressman Lungren is very familiar with, San Diego, we are now averaging almost 2,500 arrests per day, a 24-hour period, and that averages out to one every 35 seconds.

Now what are the causes of illegal immigration?

Representative SCHEUER. That's close to 1 million a year just in that one small area.

Mr. NELSON. That's a very substantial number right there. That is almost half of our apprehensions, in that one small area; that's correct.

Causes of illegal immigration. I think that, again, most would agree, there is no single cause. Growing world population, developing nations growing twice as fast as the other countries, increasing unemployment in many developing nations, including Mexico and Central America, in some cases, getting up to a 40-percent unemployment rate. Destabilizing economic conditions, including oil. Increased ease of travel. No question, increased ease of communication is another thing that draws people to this country.

I'll read this statement, and certainly, again, emphasizing the absence of major new deterrents to illegal immigration, these circumstances I just mentioned will continue to generate a steady and rapid increase in the flow of illegal aliens to the United States.

And we will see a significant expansion of that, unless steps are taken.

It is not all just Mexico, as I think Mr. Keane indicated. We see legal and illegal from all over. While Mexico is the big number, on our southern border, again in San Diego, we apprehended substantial numbers of people from 72 different countries in this last year.

In fact, it is interesting that from our information that illegal aliens from five countries—Mexico, El Salvador, Guatemala, Haiti, and Iran—equal or outnumber legal residents from those countries.

We are working with the Bureau of the Census——

Representative SCHEUER. Wait a minute, they outnumber?

Mr. NELSON. The illegal resident aliens from those five countries are greater than the legal residents in this country from those, according to our information, at least in current years.

We are working with the Bureau of Census on some jointly funded questions on the foreign born that will be in the June 1986 Current Population Survey, and we appreciate the opportunity to do that.

We talk a little bit about impacts of illegal immigration. It is difficult to assess these impacts. A lot of it is due to the hidden nature of the population, difficult to define and describe, much more difficult than the impact of legal immigrants.

Again, you have to look at snapshots and try to draw a composite from that. But the validity of these snapshots cannot be determined as long as the participation of illegal aliens in U.S. society and the economy cannot be documented.

So I think any study has to be taken with some balancing and has to be taken with some caution no matter which way it comes out.

Let me make a clear policy statement on behalf of the administration. We clearly note that the United States is a nation of laws. Our laws prohibit illegal immigration, and these must and will be enforced.

So no matter what arguments some might make that illegal aliens allegedly benefit our society, the U.S. policy under our laws is that illegal immigration cannot be allowed, and that has to overcome any of these other arguments.

But let's talk, nevertheless, about some of the impacts because there are many, and it is not just economic. Crime is one example. Illegal immigrants are not only perpetrators of crime but are very frequently the victims of crime.

A few examples from California. In 1984, the Santa Anna Police Department reported a record 35 homicides; 70 percent of the victims were illegal aliens.

In Los Angeles in a narcotics project there were 1,600 arrests—this was last year—and 63 percent of those were illegal aliens.

We have seen increased violence on the border, a 75-percent increase in assaults by illegal aliens on Border Patrol and other immigration officials.

That is the crime area.

In the area of services, welfare, health, medical, and education, and so forth, Los Angeles County, as an example, last year estimates it spent $272 million on welfare, medical, and other social service costs for illegal aliens, certainly far more than they raised in any kind of revenues.

El Paso, TX, estimated they spent $10 million on medical expenses alone for illegal aliens, often just coming across the border for those services.

In the employment area, clearly there are negative aspects. I did not hear Secretary Marshall's testimony, but I understand from what he has said—and I think right—that obviously there are negative impacts in many areas. There clearly is displacement in many areas. The volume, degree of it can be debated.

There have been a lot of studies on it. Certainly, Professor Huddle from Rice University in Texas estimates that 65 U.S. workers are displaced for every 100 illegal aliens employed. Other cities differ from that but again there certainly is no question there is some displacement. It is only a matter of how much.

You have asked, Mr. Chairman, for recommendations concerning illegal immigration, and let me touch on several.

Of course, we have done a significant amount in increasing our border enforcement, the largest increase in history last year, 1,000 additional personnel.

Representative SCHEUER. You are starting from a terribly low base of less than 1,000 people.

You have fewer law enforcement personnel, if my information is correct, on the entire Mexican border of 2,450 miles than we have here in the U.S. Capitol patrolling 103 acres. Is that correct?

Mr. NELSON. I think that is correct. I have heard the same, and I know there have been comparisons with other city police forces. You are correct, and I think that is——

Representative SCHEUER. It is the feeling around the Capitol that the level of surveillance and the level of simple law enforcement on our borders is appallingly low and that we are not looking for a Berlin Wall, we are not looking for searchlights and soldiers with an M-16 automatic rifle and police dogs. We are looking for a normal level of law enforcement that is appropriate to the need, to the need of a country to control its borders, the first characteristic of sovereignty.

And we will have some time to ask you some questions but there is a very widespread feeling around here that a great deal more has to be done to harden up that border, not to make it hermetically sealed. We are not trying to do that.

The measures that we would have to take hermetically to seal that border probably would be offensive, but we had Leonel Castillo appearing before a committee I chaired a few years ago in which he said that an acceptable type and quality and quantity of law enforcement, surveillance, and what not would eliminate 85 to 90 percent of it.

You are always going to have a situation—unless you resort to more draconian measures than probably would be acceptable, you will always have a situation where a wiry, tough 17-year-old boy with sneakers and gloves can go up over, around, or under probably anything you could put up. But the vast percentage of the illegal immigrants, he told us, could be prevented, deterred, apprehended by a very much higher level of security, surveillance that would be acceptable.

So probably we will leave that to the question period.

Mr. NELSON. Well, I would in general, Mr. Chairman, agree with most of your comments. I think, though, there has been general bipartisan recognition we do have to increase our enforcement on the border, and the example I gave of last year was a big first step.

I think part of the immigration reform also are additional resources that would be addressed to the border. We have done an awful lot with new equipment, helicopters, and everything else, too, that have gone a long ways. More needs to be done.

I would, however, disagree with former Commissioner Castillo on the 80 to 90 percent. I think there is a certain fallacy that, well, if we put enough people on the border you can stop it all there. Remember, people come through airports, seaports, and other ways, too. They largely come here for jobs.

So let me just continue my testimony to wrap it up here for the others is that, you know, the single most-effective step needed is the passage of immigration reform legislation. There is no question.

The United States is probably the only large country in the world that does not have employer sanctions. Mexico has them. Most countries do. Congressman Lungren and others have been very active in this. This is the major thing we need in conjunction—and I think as we said earlier—with the causes of illegal immigration, there is no one single cause. There also is no one single solution.

You need border enforcement. You need job market enforcement, entitlement enforcement, and relations with foreign countries, and so forth.

So we need more on the border, agreed; passage of immigration reform legislation, particularly the sanctions.

And then moving into the next element is the expansion of the SAVE Program. This is the acronym for systematic alien verfication for entitlements. It is a very simple, fair program to verify the status of any alien applying for welfare, employment, or other programs.

Under the laws they are not entitled to these benefits. Frankly, they are not being enforced enough at the present time. SAVE is an excellent program.

We have been doing this administratively over the last couple of years and have gone from 3 States to 10 now participating. This is excellent, but this needs to be expanded administratively until we get legislation, and we need to pass the reform bill.

Again, Mr. Lungren is supporting the amendment in the House to mandate the program. It is already part of the Senate version, and this will be a very major part of additional immigration deterrence. So that needs to be done.

Another area that we are talking more about—and this is where I think good old American cooperation can really come to play—is what we refer to as jobs for citizens. We have the situation where we apprehend a lot of illegal aliens on jobs to take them off, only to have those jobs filled in a matter of days by the same or other illegals.

So what we are going to be pushing with the State employment services, organized labor, community groups, business groups, and others is to assure that jobs vacated by illegal aliens are filled by citizens or lawful aliens. This can cut down on unemployment and a lot of our domestic problems. It can be another big deterrent to illegal immigration.

So we would hope that your committee and the Congress could give general support. I don't know if we need legislation in this area, but we do need a lot of support for it.

And the last point I will mention, Mr. Chairman, is the cooperation with foreign governments, especially Mexico. Obviously, again you can't do it all domestically. You have to work with the foreign governments.

We have had a lot of good experiences with Korea, India, other countries on fraudulent documents and ways of preventing flow here.

We have had a number of very successful meetings with Mexico in the last 6 months. I accompanied the Attorney General to two law enforcement summits, the last one being in Mexico in March, where we had the heads of six American law enforcement agencies, including myself, and we are talking about immigration. We have cooperation from Mexico in terms of border violence issues, third country nationals that are problems to both Mexico and the United States, working against smugglers to jointly investigate and prosecute, holding joint conferences, and talking to Mexico seriously about the immigration problems from Mexico that affects both of us.

And I think it is very unfortunate when people like the Commissioner of Customs in recent testimony undercut a lot of these good efforts, and I think these are irresponsible approaches that hurt us and that we are committed—and I want to make it clear the administration is committed—to work very effectively with Mexico. They have problems, but we will work effectively to cure those, and this is another element along with the others that we must all do to be able to do the job.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Nelson follows:]

PREPARED STATEMENT OF ALAN C. NELSON

Mr. Chairman:

It is a pleasure to testify before the Subcommittee on Economic Resources, Competitiveness and Security Economics. Your examination of current U.S. immigration flows and their impact on our society is particularly appropriate as we prepare to celebrate the 100th anniversary of the Statue of Liberty and the immigrant heritage the Statue represents. What better way to acknowledge the social, political, cultural and economic contributions of the more than 50 million immigrants who have come to this country than to look ahead to the part new generations of immigrants will play in our nation's future. Looking forward, we honor our past.

LEGAL IMMIGRATION IN THE 1980'S

During the 1980's, the United States has admitted an average of 600,000 legal immigrants each year. These immigrants--the relatives of U.S. citizens and lawful permanent residents, refugees and persons whose job skills are needed in the United States--and their children will, like the generations of immigrants before them, provide a major source of national energy and creativity in the decades ahead.

Last fiscal year, the United States admitted 570,000 immigrants. Of these 570,000 new lawful permanent residents, approximately 264,000 were persons admitted under the six preferences that control numerically limited immigration to the United States. The remaining 306,000 individuals, either the immediate relatives of U.S. citizens (204,000) or refugees (95,000), were exempt from any numerical restrictions.

Other than the 264,000 persons admitted under the preference system's annual statutory ceiling of 270,000, the other components of the FY 1985 immigrant total are higher than for the previous fiscal year. In the case of the immediate family members of U.S. citizens, this increase is significant.

Over the past decade, the admissions of immediate relatives of U.S. citizens have increased steadily at the rate of 10,000 persons each year. This steady increase has been, we believe, in part the result of a steady rise in the number of permanent residents choosing to become U.S. citizens. In FY 1985, however, we have seen an increase of 21,000 immediate relative admissions, double that of previous years.

The reason for such a dramatic increase in the number of immediate relatives entering the United States in FY 1985 is partially found in the record number of naturalizations that took place in FY 1984. If persons naturalized in 1984 petitioned for their relatives soon after obtaining citizenship, those relatives would have been eligible for admission in FY 1985.

Another factor which we believe has added substantially to the number of immediate relatives in the recent past is the increasing incidence of marriage fraud. Marriage to a U.S. citizen confers immediate immigration benefits to an alien spouse and is often perceived as the "cure-all" for any immigration problem or illegality. We have recommended specific statutory changes to facilitate the fight against this major problem, in addition to increasing in-house efforts to effectively detect fraudulent marriages while continuing to facilitate the immigration of legitimate spouses.

Even with more effective detection of marriage fraud, the continuing increase in the number of immediate relatives entering the United States will almost certainly be a characteristic of U.S. immigration in the decades ahead. As the number of permanent residents eligible and wishing to naturalize continues to grow, so will the number of visa petitions filed for close family members. The Immigration Service currently believes that an increase of at least 10,000 immediate relative admissions a year is likely to continue in this immigrant category in the future.

While the total of 95,000 refugees adjusting to immigrant status for FY 1985 is also slightly higher than that for FY 1984 (approximately 92,000), it is the change in the distribution of refugees by country of origin that is significant. In FY 1985, the number of refugees adjusting their status to legal permanent residence from Vietnam and Laos decreased while the number of refugees from Cuba increased.

Refugee adjustments from Vietnam and Laos have declined in each of the last three years and INS expects this decline to continue in the years ahead since the number of Vietnamese and Laotian refugees arriving in the United States has decreased since 1980. Unlike admissions for other Indochinese refugees, however, persons born in Kampuchea should arrive in increasing numbers in future years since Kampucheans have accounted for increasing numbers of refugee arrivals.

This decline in Indochinese admissions would have resulted in a decrease in refugee numbers for FY 1985. Instead, it was offset by the adjustment of Cuban refugees who entered the United States as part of the 1980 Mariel boatlift. Individuals who entered the United States between April 15 and October 10, 1980 became eligible to adjust their status during FY 1985. Of the 125,000 potentially eligible Mariel Cubans, approximately 15,000 completed the process to become lawful permanent residents during 1985. INS expects that the number of refugees adjusting to immigrant status for the next few years will continue to reflect this resident Cuban refugee population.

Impacts of Legal Immigration

As to the impacts these immigrants of the 1980's will have on the United States, there is a great deal of research which has measured their contributions and experiences. Unfortunately, but understandably, most of the studies which focus on immigrants to the United States have provided only windows on a particular immigrant group(s) or aspect(s) of the immigrant experience. Immigration is generally too complex, too broad a subject, too dynamic to be captured in a single comprehensive picture. Instead we have a multitude of snapshots of the immigrant population; pictures of particular ethnic groups, and their experiences with U.S. society and economy.

Collectively these snapshots provide us with a general idea of the impacts of immigration. Taken together, and confirmed by analyses of national survey data on the foreign born, they show new immigrants to be following the traditional patterns of assimilation, making the same kinds of social, cultural, economic and political contributions as the immigrants who have preceded them. Like previous generations, the immigrants of the 1980's are successfully building new lives.

ILLEGAL IMMIGRATION IN THE 1980'S

But if we point with pride to the continuing revitalization of this country through legal immigration, we must also acknowledge the serious problems we face from the continuing and increasing flow of illegal immigrants into our society. This Administration has clearly stated its policy opposing illegal immigration. We must regain control of our borders. We can do this through adoption of effective employer sanctions.

Last year, INS enforcement personnel apprehended 1.3 million illegal aliens. This year, with apprehensions at an all time high, we expect that number to total 1.8 million, with an unknown number of aliens successfully entering the United States. In a 66 mile stretch of border near San Diego, INS is averaging 2,451 arrests each day or one arrest every 35 seconds.

Causes of Illegal Immigration

There is no single cause behind this dramatic increase in illegal immigration to the United States. Instead, a number of worldwide circumstances have created a climate in which the United States, with its political freedoms and economic opportunities, has become an increasingly attractive goal for persons seeking better lives.

- A rapidly growing world population, with developing nations growing approximately twice as fast as countries in North America and Europe;

- Increasing unemployment in many developing nations, with unemployment rates in Mexico and Central America ranging 40 percent and higher;

- The destabilizing effect of dropping oil prices on world economies, particularly on Mexico in this hemisphere; and

- The increased ease and lower fares of air travel have all contributed to the current dramatic increase in illegal entry we are currently experiencing.

Size and Composition of the Illegal Alien Population

In the absence of a major new deterrent to illegal immigration, these circumstances will continue to generate a steady and rapid increase in the flow of illegal aliens into the United States. Unless we can effectively curtail illegal entry to the United States, the estimated current resident illegal population of 3 to 4 million permanent residents and an additional 1 to 2 million temporary residents is likely to significantly expand. Demographic analysis indicates that we can expect our illegal alien population to double every ten years if its current rate growth is not slowed.

Contrary to what many people believe, this growing resident illegal alien population is not composed solely of Mexican nationals seeking temporary employment in U.S. agriculture and industry. Last year, the San Diego Border Patrol sector apprehended 9,300 illegal aliens from 72 countries other than Mexico and Latin America. In the first four months of this fiscal year, they have encountered 52 Yugoslovians, 41 Indians, 16 South Koreans, 8 Poles and 8 Chinese attempting to enter the United States illegally.

In terms of our resident illegal alien population, based on 1980 Census information, we believe only slightly more than half are from Mexico with another approximately 25 percent from Latin America and the Caribbean. Nationals from Europe, Canada, Asia, Africa and Oceania account for the remaining numbers. It is interesting to note that, unlike the illegal alien population from the Western Hemisphere, substantial numbers of resident illegal aliens from Europe and Asia entered the United States before 1970. Another interesting fact arising from Census reports shows that illegal aliens from five countries--Mexico, El Salvador, Guatemala, Haiti, and Iran--equal or outnumber legal residents.

To further document the growth and composition of the illegal alien population, INS and the Bureau of the Census are jointly funding questions on the foreign born in the June 1986 Current Population Survey (CPS) to update information obtained in the 1979 and 1983 CPS's and the 1980 Census. This important survey will also give us up-to-date information on the demographic, social, and economic characteristics of the foreign-born population as a whole, including those persons residing here illegally.

Impacts of Illegal Immigration

Assessing the specific impacts of this flow of illegal immigration on our society and economy is extraordinarily difficult, much more difficult than in the case of legal immigration. The hidden nature of their residence and activities in the United States has made illegal aliens a difficult population to define or describe. Again as with the legal immigrant population, many researchers have assembled snapshots of illegal aliens in specific communities or industries, or traced a particular group of illegal aliens within a limited time period. But the validity of these snapshots cannot be determined as long as the participation of illegal aliens in U.S. society and the economy cannot be documented.

Let us clearly note that the United States is a nation of laws. Our laws prohibit illegal immigration and must and will be enforced. No matter what arguments some might make that illegal aliens "benefit" society, the U.S. policy is that illegal immigration cannot be allowed.

Despite the lack of definitive research on the illegal population and its impacts in U.S. society, the very nature of an illegal and hidden existence has far reaching negative effects on U.S. society. There are a number of areas in which these negative effects are obvious.

Crime

Illegal immigrants are both the perpetrators and victims of crime. As proof of the connection between illegal immigration and crime, I would like to cite a few California experiences with which I am familiar.

- In 1984 the Santa Ana Police Department reported a record 35 homicides. Seventy percent of the victims were illegal aliens.
- A Los Angeles Police Department special operation in the Ramparts Division last year aimed at narcotics traffic resulted in 1,600 arrests-- 63 percent of those arrested were illegal aliens.
- The INS Border Patrol has had a 75 percent increase in assaults on its officers by illegal aliens in the first quarter of this year over last year.

Services

Although a number of studies have concluded that illegal aliens do not represent a drain on local services, I would like to point out several recent instances in which immigrant use of services have been significant:

- Los Angeles County estimates it spent $272 million on welfare, medical and other social service costs for illegal aliens last year.
- El Paso, Texas spent $10 million last year on medical expenses connected with illegal aliens.

Employment

These are also recent studies which have found negative aspects with regard to the employment of illegal aliens.

- o Rice University Economics Professor Donald Huddle studied the effect of illegal aliens on job markets in Houston, Texas, estimated that in certain types of jobs (outdoor work, such as costruction; certain types of factories; and in service industries) 65 U.S. workers were displaced for every 100 illegal aliens employed.

- o A recent Rand Corporation report concluded that in California immigrants (both legal and illegal) have contributed more in revenues that they take in service costs. The study, however, admittedly did not include education costs, which are one of the largest expenditures for the state.

RECOMMENDATIONS CONCERNING ILLEGAL IMMIGRATION

This Committee has asked for my suggestions on ways to curtail the flow of illegal immigrants into the United States. In addition to the enforcement initiatives INS has introduced along the border, I strongly recommend the following actions be taken:

- o Passage of Immigration Reform Legislation-- The multifacited legislation currently before the Congress would effectively curtail much of the illegal immigration now flowing into the United States. By placing sanctions on the knowing hiring of illegal aliens, the bill addresses one of the primary reasons aliens enter the United States illegally or violate the conditions of their admission. Passage of the pending legislation would be the single most effective step we can take to stop the flow of illegal aliens into this country.

- Expansion of SAVE Program-- The Systematic Alien Verification for Entitlements (SAVE) Program is now operating in six states, Puerto Rico, and the Virgin Islands, with a similar program in place in California. Pilot projects are underway in another 4 states, with several others indicating interest in the program. The expansion of the SAVE program would ensure that illegal aliens would be prevented from obtaining access to benefit programs nationwide.

- Jobs for Citizens and Lawful Permanent Residents--I have recently been discussing a program I call "Jobs for Citizens," as a means of replacing the many informal job information networks that result in the hiring of illegal aliens. INS will, in the near future, seek cooperation of state employment services, organized labor, community groups and others to assure that jobs vacated by apprehended illegal aliens are filled by U.S. citizens or lawful aliens and that employers now hiring illegal aliens change their hiring patterns permanently to hire only legal workers. We hope these various groups will work with us by contacting employers.

- Cooperation with Foreign Governments, Especially Mexico--Our relationships with foreign governments is I believe another vital area in which much can be done to curtail the flow of illegal aliens and the problems created by this type of migration. It is my opinion that issues for consideration should include narcotics control , counterfeiting, weapons smuggling, fugitive issues, traveler safety, immigration issues and border violence, interior repatriation of illegal aliens, U.S. immigration legislation, preclearance, mutual legal assistance, and border sister-city meetings.

CONCLUSION

I would like to remind us all that the United States has been made a great nation through respect for law. This applies to our immigration laws which provide for the orderly admission of legal immigrants and refugees in substantial numbers. However, we must remain committed--and indeed strengthen our commitment--to deterring illegal immigration through an effective enforcement program, cooperative initiatives with state and local governments and the private sector, and through passage of reform legislation to make unlawful the hiring of illegal alien workers.

Representative SCHEUER. We are going off the record for a moment.

[Discussion off the record.]

Representative SCHEUER. We will recess for 12 minutes.

[A 12-minute recess was taken at this point.]

Representative SCHEUER. OK, we will recommence.

I invite you all to shuck your coats. Commissioner, if you would like to leave your coat off, it is a little bit warm in here. Anybody in the audience or anywhere, feel free to shuck your coats.

OK, we are up to Charles Keely. Mr. Keely is a very respected and familiar name at population conferences, hearings, what not. We haven't always agreed with him, but we have always admired him and respected him and enjoyed the degree of controversy, as our British friends say, which he engenders.

He has been an associate at the Population Council's Center for Policy Studies since 1977.

In 1972, he did background research on U.S. immigration for the Commission on Population Growth and the American Future—Charles, which is where we first met.

In 1978, he served as a member of the Council of Foreign Relations' Study Group on Immigration and Foreign Policy, and he has also served as a member of the National Academy of Sciences Panel on the 1980 census.

He is a very distinguished name and distinguished scholar in all aspects of immigration, and we welcome you back again, Charles.

So please take 10 minutes to use as you wish. Your full testimony will be printed in the record, and when you are finished we will have some questions for the panel.

STATEMENT OF CHARLES B. KEELY, SENIOR ASSOCIATE, POPULATION COUNCIL

Mr. KEELY. Thank you very much, Mr. Chairman, I appreciate this opportunity and congratulate you on holding these hearings.

I am going to limit my presentation to some demographic perspectives on the relationship between immigration and three topics: the population size and growth in this country, the foreign-born population in the United States, and, third, something we haven't heard of so far today, refugee policy, which is an important component of our immigration.

Let me start on population size and growth. There are a number of ways one can look at immigration's contribution to the population dynamics of this country. The United States continues to grow, as we have heard, by about 0.9 of 1 percent a year.

In the first year of this decade, between 1980 and 1983, legal immigration accounted for about 28 percent of that growth. If we add the illegal migration component of population growth, as estimated by the Census Bureau, that is, the number who are added to the permanent resident population, that would bring the contribution of illegal and legal migration combined to population growth to about one-third, about 33 percent.

We ought to note, however, that the contribution of immigration to population growth in this country is due to two things, not only the increasing size of immigration from both legal and illegal sources, but also to a large decline in fertility in the United States, the baby bust or birth dearth, as it has been called, that has been occurring in this country since the 1970's.

I also think that to get a better perspective we ought to compare what the contribution of immigration was in other periods; for example, in the period 1906 to 1910, which is a period of very high immigration in the United States and also contains the year 1907, which was the year of the highest recorded migration to the country, over 1 million people.

In that 5-year period, 7 million people came to the United States—excuse me—7 million people were added to the population of the United States from all sources. Immigration equaled 5 million. Even if we allow for emigration—with an "e"—of about one-third in that period, almost half of the population growth was due to immigration.

So our current level of one-third legal and illegal is not unprecedented. It is high, but it is not unprecedented.

Another way of looking at the contribution of immigration is to compare the number of immigrants to the resident population as a whole, and the figure 1 that I have attached to my prepared statement—I will be talking about five figures here this morning. I don't have big copies. I only have the xeroxes for the members.

In that figure I superimpose the number of immigrants since 1820 by year and compare that to the proportion of the population that that represents during that time, and that proportion runs from approximately 0.1 of 1 percent up to 1.5 percent.

The first thing that graph shows is it takes an increasing number of immigrants to have the same proportional effect on population. For example, the 500,000 or so immigrants of today, a little more actually, more than half, almost 550,000 or 600,000, has a much smaller impact on today's population than the almost 500,000 of the 1850 period and the 1870 period; that is, in those years we had a number of times when the immigrant population approached 500,000, but that had a much bigger impact on the population at that time.

Even since World War II, if you will note, the line, the broken line on that graph that represents the number of immigrants, is much steeper than the increase in the proportional impact of that increase in immigrant is on the resident population.

To get a feel for this, historically immigrants have equaled about six-tenths of 1 percent of the residents in any year. If we had six-tenths of 1 percent of the population coming in this year we would have 1.4 million immigrants, not the approximately three-quarters of a million that I calculate is the net migration from legal and illegal sources, permanent additions to our population.

Another way of looking at it is to ask the question: Given the fact that the U.S. fertility now is so low that we are on a path to population decline—and we are on a path to population decline. We will eventually get there unless we do something to change that—if we wanted to use immigration as a way to fill in, if you will, for the falling fertility, how many immigrants would we have to take in the United States each year in order to avoid a decline in our population in the future?

And the answer to that is about 1 million people a year, again above what our numbers are now.

So that in terms of this population size and growth issue alone compared to the past, we are hardly being swamped by numbers. Looking to the future, immigration may cushion some of the effects of the birth dearth, but it will not prevent population decline unless fertility and mortality rates change in this country.

Second, let me say just a bit about this question of the foreign born and to put that in a bit of a comparative perspective. We hear the truism all the time—but truisms are exactly that, true—"We are a nation of immigrants." But how unique are we?

In figure 2 of my prepared statement, I present a bar graph of the proportions of the foreign born in a number of countries around the world. As the Director of the Census Bureau told us, in 1980 we were about 6.2 percent foreign born in this country.

In our own hemisphere, if you look at that bar graph, Argentina and Venezuela surpass us in the proportion of foreign born.

In Europe, France, Germany, England, and Switzerland surpass in the proportion of foreign born in their populations.

Traditional immigrant countries like Canada, Australia, and New Zealand have two to three times the proportion of foreign born in their populations that we do.

I do not include in that bar graph countries, for example, those in the Arabian Peninsula, in which foreigners make up one-fourth to one-half of the residents and a much higher proportion of their labor forces, nor do I include countries like poor, beleaguered Somalia, where one in three residents is a refugee from another country that that country is supporting.

Another view of the foreign born in another perspective is that we sometimes hear discussed the question of what will happen in the future if the ethnic composition continues the way it is in terms of migration, what would happen to the ethnic composition of the United States?

The most often cited example is a set of projections by Leon Bouvier and Carl Davis in a book put out by the Population Reference Bureau entitled "The Future Racial Composition of the United States."

In that work, four groups are discussed: the white non-Hispanics, blacks, Hispanics, and others. And Bouvier and Davis project, for 100 years from 1980 to 2080, the size and the proportion of each of these groups.

I'll not go into detail on what they do, because I think such exercises require suspension of judgment.

Is it reasonable to assume, as they do, a fairly constant fertility for up to 100 years, a fixed ethnic composition in migration, no intermarriage and a society so unchanging that whites, blacks, and Asians as social categories will mean the same in 2080 as they do in 1980?

It is not sufficient, in my judgment, to justify such exercises by saying that they are not predictions or forecasts but merely projections that would tell us what's going to happen under certain conditions. Relevance in that case depends on the reasonableness of the assumptions, and how reasonable are the assumptions, how probable are the assumptions that I just mentioned.

If they are improbable, why present such scenarios as opposed to any other unlikely futures? Why, indeed? Put yourself back in the year 1900 for a minute.

Migration at that time had been rising for 20 years or so and it seemed posed for larger changes.

Native fertility had been falling. The composition of immigrants had changed, in that case to Southern and Eastern Europeans.

There are a number of similarities to today's trends. Suppose somebody had a computer and a software package in 1900 and did exactly what Bouvier and Davis did? Most telling, I think, is what would have been made at that time of the projection of the number of Italian and Jews and the other new immigrants since 1880 coming from non-Nordic Europe, under the presumption that the social image of them, their achievements and their contributions to this country would be no different today than in the year 1900.

This scenario of the 1900 computer projection shows, at least to me, how ludicrous it is, how ultimately misleading and policy irrelevant, such exercises can be. Those projections would have missed tremendous swings in fertility, wide variations in immigration and the very changes in ethnic composition since 1965 that seem to exercise some people today. They would have scared people, however, with visions of unmeltable ethnics in the Lower East Sides, the East Harlems and the other Jewish, Italian, and Slavic immigrant ghettos of the turn-of-the-century cities.

So much for the foreign born. Let me go to refugees.

One purpose of the Refugee Act of 1980 was for Congress to regain control from the executive branch of the refugee component of immigration policy. For 25 years before that, various administrations, and sometimes with the urging of Members of Congress and the Senate, used the parole power, which originally was meant for medical emergencies, for mass admission of freedom fighters and refugees from Hungary and Cuba, Southeast Asia, and elsewhere.

The 1980 Refugee Act instituted a consultation process in which the President would announce levels for refugee admission, for permanent residence in the United States for the coming fiscal year by regions of the world, after consulting with Congress, and these consultations would include hearings at which the levels were announced and discussed.

Figure 3 in the graphs that I handed out, gives the number of refugees authorized, the actual number approved as meeting the criteria for entry to the United States after screening and the actual number of entries for each year under the 1980 act.

The most striking feature of figure 3 is the decline in authorizations and related approvals. The authorizations have declined from 230,000 to 70,000 in that period.

The second striking thing about that figure is the difference between the authorization levels and the approvals and arrivals in the same period. There is more detailed data in the table and that I also attach.

Whether one measures the difference between authorized levels and arrivals or authorized levels and approvals, there is a 25-percent deficit between what the Congress was requested and, in fact, authorized, and what the Executive did.

The 1980 Refugee Act tried to keep the Executive from admitting refugees in excess of what Congress wanted. The problem now seems to be a mirror image. The Executive still controls refugee admissions and is doing so at a level different from what Congress authorizes. I wonder what congressional action would be if 25 percent of the budget were impounded. Even in this era of Gramm-Rudman-Hollings, Congress would balk at the usurpation of congressional rights and obligations.

Either two administrations have badly miscalculated each year since the passage of the 1980 Refugee Act or the Executive, in fact, continues to control admission of refugees, despite congressional responsibilities, prerogatives, and authorizations.

There is another aspect of the whole refugee admission question, and that had to do with how much foreign policy gets involved. I give a number of examples of why I think, in fact, it gets involved. I think rather than trying to deny that it gets involved, what we ought to start doing is discussing what should be the role of foreign policy in refugee admissions and in the question of asylum. Because after all, is perhaps refugee admissions, like war, foreign policy by other means?

I think that, in fact, it is. The question is, should it be, and to what extent it will be? I try to point out, in fact, that foreign policy does influence decisions on refugee admissions, and I merely pose for you, basically, by raising the question, but not making a pretext to solve so complicated and intense an issue.

I do, however, think, and here I'm just giving my conclusions rather than going through the figures and tables as I do present them in the prepared statement, but I would want to say, as far as the conclusions, that I think that we have to realize that our refugee policy in this country currently is adrift.

The issue is whether we will rise to the challenge and try to come up with a coherent policy about the appropriate role of the United States in managing global displacement.

Let me conclude, Mr. Chairman, and summarize by saying that the number of immigrants is not small, but in relative terms whether a percent of our growth or a proportion of the population, contemporary integration is well below historic levels. We are a nation for which immigration has been and continues to be demographically important, but by the yardstick of the number of foreign born in our midst, we fall well below many countries, including neighbors in Latin America, traditional immigrant receiving countries and even our European partners and allies, nor do I think that we should get stampeded into precipitious action by a rush of population projections on racial and ethnic composition 100 years from now.

Representative SCHEUER. Thank you very, very much, Mr. Keely.

[The prepared statement of Mr. Keely follows:]

PREPARED STATEMENT OF CHARLES B. KEELY

Immigration in Perspective

Many Americans have strong opinions about immigration. Opinion polls tell us that large majorities favor doing something about illegal migration or favor reduction in immigration. The general mood of the country toward immigration is correctly characterized as ranging from modest concern to acute concern over an attendant crisis. The rhetoric used is meant to alarm: the borders are out of control; tides are rising; we are inundated by floods; and we are even invaded by ~~hoards~~ hordes.

Despite the strong opinions and rhetoric, most Americans, I surmise, are fuzzy about the facts. The fuzziness about specifics and even the misconceptions can be helped by presenting a few facts and considering migration in context. How does immigration today compare to our past or to other countries' experience today? Are migration procedures working as intended by Congress? Whole books can be written on such comparisons and even further volumes of analysis and commentary on the meaning of all the information. I propose to address a modest number of topics, only three, concerning recent demographic trends, in immigration. These are: immigration and population size and growth; the foreign born in the American population; and the operation of refugee procedures. I forego discussion of data or commentary on economic, social or political implications of the immigration trends due to obvious space limitations (and with regret on my part but perhaps relief on the Committee's part in regard to the amount of reading to be done). It is obvious, however, that immigration is such an integral part of contemporary America that it affects and raises fundamental issues across the gamut of our national life. Its complexity is no small part of its fascination.

Immigrants and Population Growth.

There are many ways to assess the demographic impact of immigration. Along with births and deaths, immigrants contribute to population growth. Fertility dropped sharply in this country (and many other developed countries, East and West) after the post-war baby-boom. One result has been that net migration (immigrants minus emigrants) accounts for a larger share of our population growth. In some countries of Europe, fertility is so low that deaths exceed births. Only net gains from migration prevent absolute declines. In the United States, we continue to grow at about .9 percent a year. Net immigration (legal) accounted for about 28 percent of that growth on average in the 1980s (1980-83 annual average). The average percent of population growth for 5 year periods since 1940 is as follows:

Year	Percent of Population Growth Due to Immigration
1980-83	28%
1975-79	24%
1970-74	20%
1965-69	19%
1960-64	12%
1955-59	11%
1950-54	11%
1945-49	10%
1940-44	8%

The low migration of the war years meant migration's contribution to overall growth was low. The baby-boom swamped the effects of increasing post-war immigration, including special legislation for refugees and bills to clear-up backlogs of countries with low quotas. The combination of the baby-bust and the immigration changes of 1965 are reflected in the increasing percent of population growth accounted for by immigrants in the last 20 years. Illegal migration would increase the role of migration further. Increasing migration by the net addition of 200,000 illegal migrants used by the Census Bureau for its intercensal estimates, one-third (33 percent) of U.S. population growth between 1980 and 1983 was due to net migration, legal and illegal, to the United States.

By way of comparison, between 1906 and 1910, the population increased by 7 million. Immigration equalled 5 million. If we make allowance for emigration of one-third the number of immigrants, then net migration accounted for 48 percent of population growth in the five year period of our history that included the peak year of immigration.

Another way to view the impact of immigration is to compare the number of immigrants to the resident population. Figure 1 presents superimposed portraits of the number of immigrants entering each year since 1820 and the proportion of those immigrants to the resident American population in each year. Between 1820 and 1380, levels of well-below a half-million immigrants per year equalled a relatively large proportion of the resident population. Immigration contributed the equivalent of one-half to 1.5 percent of the American population. (Given low emigration, immigrants alone accounted for a similar amount of growth over and above natural increase. Compare this to the .9 percent population growth today.)

During the peak immigration years from 1880 to 1920, the number of immigrants reached their highest levels, but continued to equal one-half to 1.5 percent of a growing American population. As immigration declined in the period of restriction, the Depression and World War II from 1920 to 1945, the numbers and proportions declined to historic lows. But between 1880 and 1945 it took ever larger numbers of immigrants to have the same impact as population grew due to natural increase.

Since World War II, the effects of America's population growth has reduced the relative impact of increasing immigration. The half-million or so legal immigrants of today equal about .2 percent, near the low end of historical experience. Notice that the slope of the increase in the number of immigrants since World War II (the broken line in Figure 1) is much steeper than the rise in the relative size of immigration to the U.S. population.

Since 1820, immigrants on average equalled .6 percent of the resident population, compared to the .2 percent of today. Were immigration today to equal this historical average, 1.4 million newcomers would enter the United States to settle each year.

Legal immigration is now approaching 600 thousand per year. The Census Bureau estimates net additions to the resident population from illegal migration at between 120 to 300 thousand. (The Bureau actually uses 200 thousand net additions in its intercensal estimates.) If we take high end of the Bureau's estimate of the net increase due to illegal migration, then total immigration, legal and illegal, equals 900 thousand immigrants each year. The Bureau also estimates 160 thousand emigrants a year. If we subtract that number from the immigrants, it leaves us with a rounded three-quarters of a million net immigrants per year.[1]

It would require, therefore, another 650,000 immigrants (net) if we're to equal this historical average of .6 percent of the American population. Relatively speaking, immigration is far below its average historical impact on population, not to mention peak levels.

Another perspective on immigration's demographic effects is its role in stemming population decline. In the early 1970s, the U.S. had a Commission on Population Growth and the American Future because of concern about whether the American population would reach 300 million by the year 2000 and what the social and economic effects of a 2 versus 3 child family would be. There is virtually no way the American population will equal 300 million in 2000. The average number of children born per woman (using current rates) is a "total fertility rate" (TFR) of about 1.8 children per women, below the 2.11 children per women needed for a population to continue to replace itself. The U.S., in short, is now on a path toward population decline if we were to rely exclusively on the effects of births and deaths. (As mentioned previously, some European countries already experience "natural decrease," a surplus of deaths over births. The U.S. is heading in that direction but is slower in reaching that point because of the larger size and length of our baby-boom and because our total fertility rate of 1.8 is not as low as some other countries, e.g, West Germany at 1.3 children per women.)

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[1] I might mention that Bureau's research and analysis on annual additions to the illegal alien stock and on emigration were reviewed internally in the Bureau, by the Bureau's technical advisory committee, by the liaison committee of the American Statistical Association, and by an outside expert review group to specifically review and recommend whether estimates of illegal migration and emigration should be incorporated into the official intercensal estimates. The work was also presented at public meetings of demographers, published in referred journals, and widely circulated. We are not dealing with wild guesses. If anything, the Bureau is careful and conservative in its professional standards, as it should be, because the Bureau's mode of operation has produced a record of statistical and demographic leadership and achievement recognized worldwide.

If the U.S. were to avoid population decline by relying on immigration to make-up for current low fertility rates, it would require about 1 million net immigrants a year. This is about 250,000 more than current net migration of new residents from legal and illegal sources. (See Roger C. Avery, "The Impact of Undocumented Migration in Relation to the Characteristics of the Stationary Population Equivalent," presented at the 1986 Population Association of America Meeting)

In sum, current immigration accounts for about 28-33 percent of population growth, due to the effects of declining fertility and to the increase in the number of immigrants. This is still well below the 48 percent during the period of peak immigration in the first decade of this century. Current immigration equals about .2 percent of the U.S. population, near the low end of experience since 1850. Increases in immigration since World War II have less impact than in the prior experience of the country. (Compare the slopes since WWII in Figure 1.) Historically, annual immigration equalled .6 percent. To equal that would require 1.4 million rather than the current 750,000 net immigrant flow. Immigration at current levels will not stop eventual population decline in the U.S. if current fertility and mortality experience continue. It requires another quarter of a million immigrants a year under current demographic experience for immigration to deflect this country from its current path to population decline.

Compared to our past, we are hardly being swamped by numbers. Looking to the future, immigration may cushion some of the effects of the birth dearth but will not prevent population decline unless fertility and mortality rates change.

Immigration and the Foreign Born.

"America is a national of immigrants" is a truism almost endlessly repeated. But are we so unique?

Figure 2 presents an illustration of the proportion foreign born in the most recent censuses of a number of countries around the world for which data were easily available in the 198[illegible] U.N. Demographic Yearbook. In 1980, 6.2 percent of the U.S. population were foreign born. Some were naturalized citizens; some permanent resident with immigrant status; some were students or other non-immigrant residents; and some were illegal aliens.

Other countries, however, surpass the United States in the proportion of foreign born in the midst. In our own hemisphere, Argentina and Venezuela surpass us. European countries, including France, Germany, England and Switzerland all have relatively larger foreign born groups in their midst.

The other traditional immigrant countries of Canada, Australia, and New Zealand have foreign born components of more than twice to over three times the U.S. proportion.

Figure 2 does not include countries in the Arabian peninsula in which foreigners make up from one-quarter to one-half of the residents and even higher percentages of the labor forces. Nor does it include poor, beleaguered Somalia where one in three residents is a refugee.

The issue of the foreign-born sometimes is discussed in terms of the ethnic composition that would result if current trends in migration and vital rates continue. The most often cited example is the set of projections by Bouvier and Davis (The Future Racial Composition of the United States, Washington, D.C.: Population Reference Bureau, 1982). Four "races" are discussed: White non-Hispanic, Black, Hispanic, and Asian and Other. Bouvier and Davis project for 100 years from 1980 to 2080 the size and proportion of each "race". They assume the fertility of White and non-Hispanics and the Asians/Other category will be an unvarying 1.758 children per woman and that other groups converge down to that level. They present projections for an assumed migration of one-half to 2 million a year in half million intervals (.5, 1.0, 1.5, 2.0 million immigrants). For the half-million immigrant projection, they assume the "racial" composition of the 1977 legal immigrants but for the three higher levels of assumed migration they propose a greater Hispanic proportion due to more illegal migration (which implies Hispanic to them).

I will not go into detail on results. Such exercises require a suspension of judgment. Is it reasonable to assume constant fertility for one-hundred years; fixed "racial" composition; no intermarriage; and a society so unchanging that White, Black, Hispanic and Asian as social categories will mean the same in 2080 as in 1980?

It is not sufficient in my judgment to justify such exercises as policy relevant by saying they are not predictions or forecasts but projections to tell us what would happen under certain conditions or assumptions. Relevance in that case depends on the reasonableness of assumptions. How reasonable, how probable are the assumptions? If they are improbable, then why present such scenarios as opposed to any other unlikely futures.

Put yourself back in 1900 for a minute. Migration had been rising for 20 years or so and seemed poised for larger changes. Native fertility had been falling, as noted by the Census Director of 1870 and MIT president Francis A. Walker in an influential 1891 article. The composition of immigrants had charged to larger numbers and proportions of Southern and Eastern Europeans. There were a number of similarities to today's trends. Suppose someone had a computer and projection software in 1900 and did what Bouvier and Davis did. Most telling, I think, is what would have been made of the projections in 1980 of the number of Italians and Jews (and other "new immigrants" since 1880 coming from non-Nordic Europe) under the presumption that the social image of them, their achievements, and their contributions to society would be no different in 1980 than in 1900.

This scenario of the 1900 computer projection shows how ludicrous it is, and ultimately how misleading and policy irrelevant, such exercises can be. The 1900 projection would have missed tremendous fertility variation, wide savings in immigration and the very changes in ethnic composition since 1965 that seem to exercise the minds of some today. They would have scarred people, however, with visions of unmeltable ethnics in the Lower East Sides, East Harlems, and other Jewish, Italian, and Slavic immigrant ghettos of turn-of-the-century American cities.

Refugees.

One purpose of the 1980 Refugee Act was for Congress to regain control from the Executive Branch of the refugee component of immigration policy. For 25 years or so, the Executive Branch, sometimes with the urging of Senators and Members of Congress, used the parole power (meant originally for medical emergencies) for mass admissions of freedom fighters and refugees from Hungary, Cuba, Southeast Asia, and elsewhere. Congress had no choice but to acquiesce in such Presidential initiatives.

The 1980 Refugee Act, among other things, instituted a consultation process in which the President would announce levels for refugee admission for permanent residence in the U.S. for the coming fiscal year by regions of the world after consulting with Congress. The consultations include hearings at which the levels are announced.

Figure 3 graphs the number of refugees authorized, the number approved as meeting criteria for entry to the U.S. after screening, and the actual number of entries for each year under the 1980 Act. (Arrival data was not available for 1980 and 1981 in INS published sources.)

The most striking feature of Figure 3 is the decline in authorizations and related approvals. Authorizations have declined from 230,000 to 70,000 between 1980 and 1985. This illustrates how volatile migration components can be.

Second, the difference between authorization levels and either approvals or arrivals over the period are far from minimal. Table 1 provides the data. Since there can be lags between authorization of refugee resettlement slots, approval of an application and actual arrival that spill over from year to year, the table cumulates the differences over the period. Whether one measures the difference between authorized levels and arrivals or authorized levels and approvals, there is a deficit of about 25 percent between what Congress was asked and agreed to authorize and what the Executive did.

The 1980 Refugee Act tried to keep the Executive from admitting refugees in excess of what Congress wanted. The problem seems to be a mirror image. The Executive still controls refugee admissions and is doing so at a level different from what Congress authorized. I wonder what Congressional reaction would be if 25 percent of the budget were impounded. Even in the era of Gramm-Rudman-Hollings Congress would balk at usurpation of Congressional rights and obligations.

Either two administrations have badly miscalculated each year since the passage of the 1980 Refugee Act or the Executive continues to exert control over refugee admissions, despite Congressional responsibilities and prerogatives.

A fiscal implication of this stems from refugee entitlements also introduced in the 1980 Refugee Act. Fewer admissions mean few people eligible for resettlement and integration assistance.

An aspect of refugee admissions related to overall numbers is the question of the relation of refugee admissions and foreign policy. Is refugee admission policy, like war, the conduct of foreign policy by different means? Figure 4 sheds some light on that question. The figure graphs authorized refugee admissions by region of the world since 1980.

The Asian decline is in response to the fall-off in refugees but Southeast Asians still take up the lion's share of refugee authorizations. The 50,000 authorization for 1985 reflects commitments to ASEAN countries not to let asylum camps increase in size and so a steady draw-off is contemplated. There has been disagreement between the State and Justice Departments over whether recent arrivals in the non-Communist nations of the region are economic migrants or refugees. That apparently has been settled in favor of leaning to a refugee characterization. The authorized level, therefore, does reflect foreign policy commitments. This is reflected in the proportion of overall authorizations despite declines in levels since 1980.

The East European and USSR authorized levels have been second highest since 1980. The authorization declines represent the vagaries of Soviet exit policy more than U.S. desires. The relative size is again telling about foreign policy influence in a period of generally declining levels of authorizations.

The Latin American authorized levels are a clear reflection of foreign policy, especially a change between administrations. From a level of 20,000 in 1980, the 1985 authorization was for 1,000 refugees from Latin America and the Caribbean.

A very rough indication that refugee policy is not purely humanitarian is a comparison of where the world's refugees are and where the U.S. is willing to accept refugees from. Figure 5 compares the location of the 10 million plus refugees in the world in 1985 (taken from the U.S. Committee on Refugee's Global Refugee Survey for 1985) and the regions of origin contemplated in the 1985 authorization of 70,000 refugee admissions. This comparison also conceals some important further differences. The Global Refugee Report's estimate of Asian refugees are nearly 80 percent Afghans, while the Asia authorizations are almost all Indochinese.

Rather than try to deny that refugee resettlement policy is influenced by foreign policy, I think we should discuss the presumption that refugee admission policy should be "purely" humanitarian.

First, foreign policy and humanitarian concerns are not necessarily contradictory. Second, perhaps a distinction should be made among resettlement and temporary asylum (whether temporary asylum is carried out by designating someone as being granted asylum under U.S. law or permitted the administrative relief of extended voluntary departure which is politically more vague and carries fewer rights and benefits for the individual). If anything, the trend seems to be to make temporary asylum more political, when a case can be easily made that the resettlement decision may justify foreign policy considerations playing a large and even decisive role (and perhaps even a dominant role -- although I hesitate to suggest this --) compared to humanitarian concerns.

I raise issues and I make no pretense to solve so complicated and intense an issue. I do think we are adrift in our refugee policy. The 1980 Refugee Act has raised more issues than it solved. This should be welcomed more than bemoaned. The unknown is whether we will rise to the challenge in our analysis and policy choices as opposed to what is, in my opinion, opportunistic thrusts in the refugee policy field to fit ideological predispositions. There still remains a need to give serious attention to the issues and to the weighty arguments from both sides of the political spectrum on the appropriate role of the United States in managing global displacement due to persecution and related civil unrest.

Conclusion.

I have only touched on three topics related to immigration size and composition. I have managed, however, to touch on matters of the bedroom and Cabinet Room in doing so. I have said nothing of the economic impacts of migration levels and trends or their social implications. What I have tried to do is to present some information in various comparative perspectives. I think each of the figures gives a bit of an unconventional view of immigration compared to what we usually hear, but none of them is "way out."

The number of immigrants is not small but in relative terms, whether as a percent of growth or a proportion of the population, contemporary immigration is well below historic levels. We are a nation for which immigration has been and continues to be demographically important. But by the yardstick of the number of foreign born in our midst, we fall below many countries including some in Latin America, other traditional immigrant receiving countries like Canada and Australia and even our European partners and allies. Nor do I think we should get stampeded into precipitous action by a rush of population projections of the racial and ethnic composition a hundred years from now. These projections require suspensions of judgment to accept their assumptions and presume that social categories and meanings will be unchanging. Simply to think what such projections would have implied for today if done at the turn of the century illustrates how silly and policy irrelevant they are. They are like ghost stories, but written for legislators and other influential elites.

Finally, I suggest that Congress still does not control refugee policy. In a mirror-image of Executive control of refugee flows through the parole-power, two administrations that have operated under the 1980 Refugee Act have controlled recent flows. Approvals and admissions are 25 percent below authorized levels.

Further, refugee admission policy operating through the consultation process does reflect foreign policy interests of the United States. How could it be otherwise? This does not mean authorizations exclusively reflect foreign policy and deny humanitarian claims. Foreign policy and humanitarian concern are not mutually exclusive. Further, there may be sound justification, in addition to the weight of necessity and inertia of past practice, for a foreign policy role in such decisions. In the refugee field we are conceptually adrift and practice seems opportunistic.

Serious issues which requires monitoring are not all crises. I think a crisis mentality surrounds migration in some circles. We badly need reflection and some perspective. As I have said a number of times in various presentations, rhetoric on immigration strikes me as more out of control than our borders.

Charles B. Keely
Population Council

Figure 1: Number of Immigrants (Millions) and Percent of Immigrants amount Resident Population: 1820-1983

Figure 2: Percent Foreign Born of Selected Countries from 1980 Round of Censuses

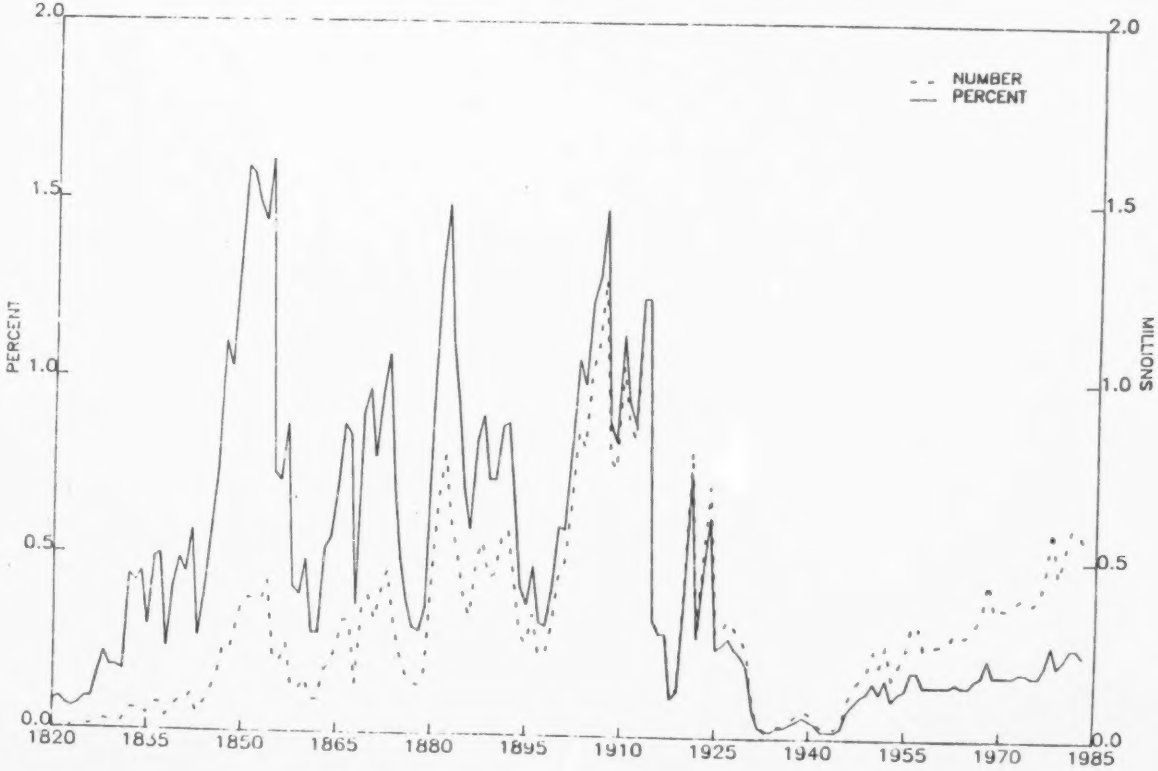
Figure 3: Refugee Authorizations, Approvals and Arrivals under 1980 Refugee Act Consultative Procedures, 1980-1985

Table 1: Differences between Refugee Authorizations and Arrivals and Refugee Authorizations and Approvals, 1980-1985

Figure 4: Authorizations for Refugees under 1980 Refugee Act Consultative Procedures, by Region, 1980-1985

Figure 5: The World's Location of Refugees and U.S. Authorizations for Refugee Entries by Region, 1985

Figure 1: NUMBER OF IMMIGRANTS (MILLIONS) AND PERCENT OF IMMIGRANTS AMONG RESIDENT POPULATION: 1820 - 1983



Charles B. Keely
Population Council

Figure 2: Percent Foreign Born of Selected Countries from 1980 Round of Censuses

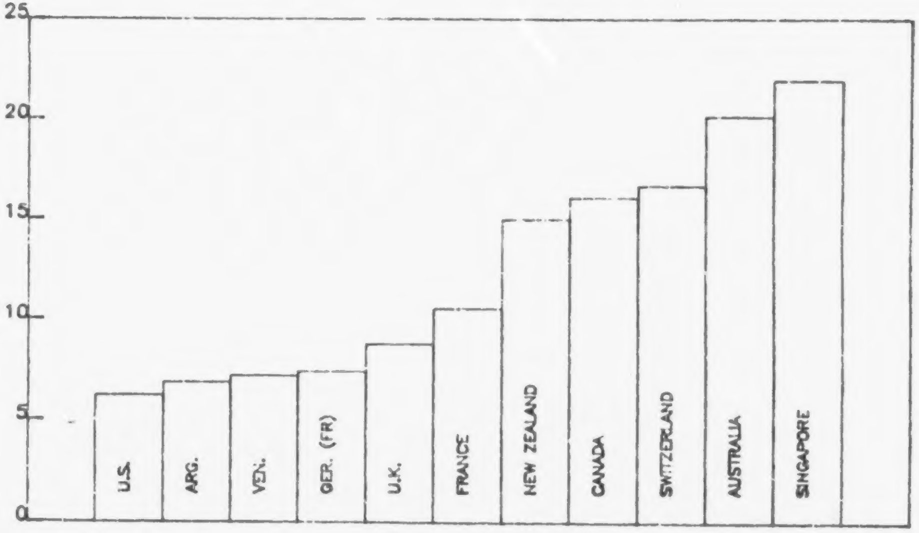


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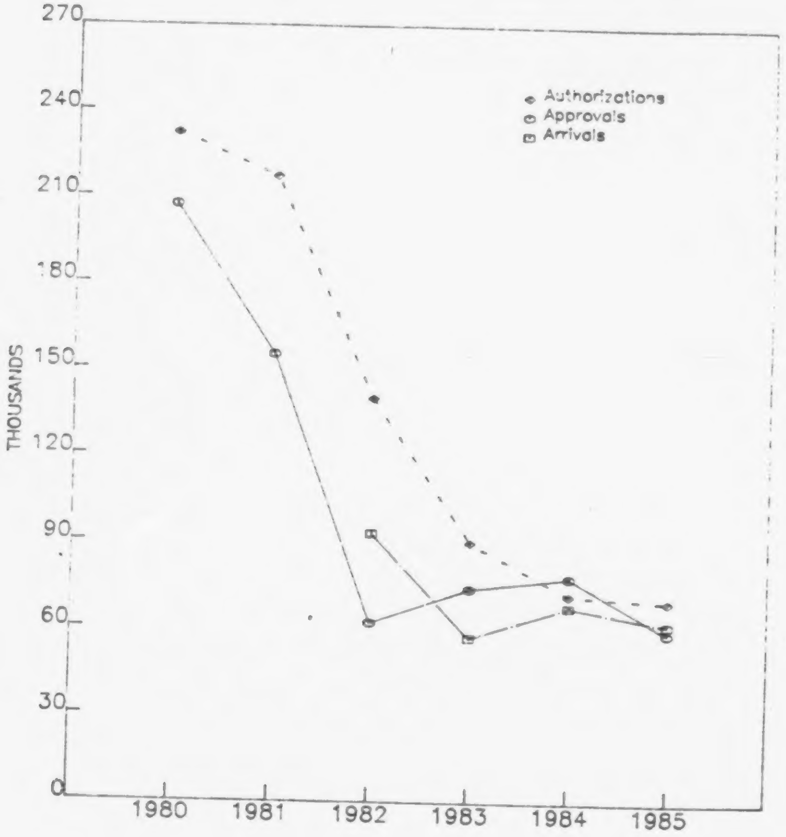
Figure 3: REFUGEE AUTHORIZATIONS, APPROVALS and ARRIVALS under 1980 REFUGEE ACT CONSULTATIVE PROCEDURES, 1980–1985



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Charles B. Keely
Population Council

Figure 4: AUTHORIZATIONS for REFUGEES under 1980 REFUGEE ACT CONSULTATIVE PROCEDURES, BY REGION, 1980–1985

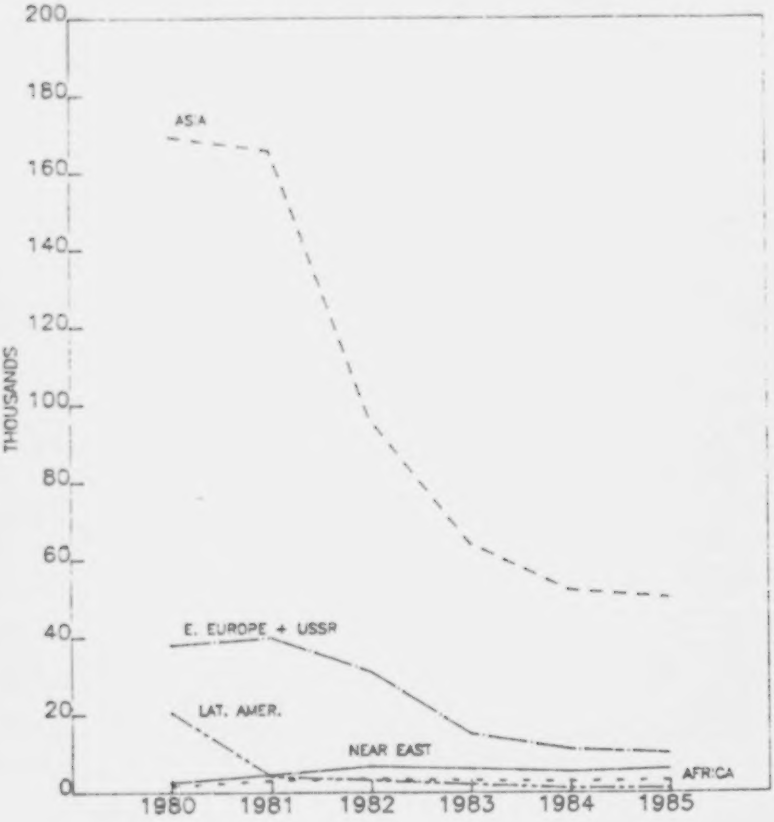

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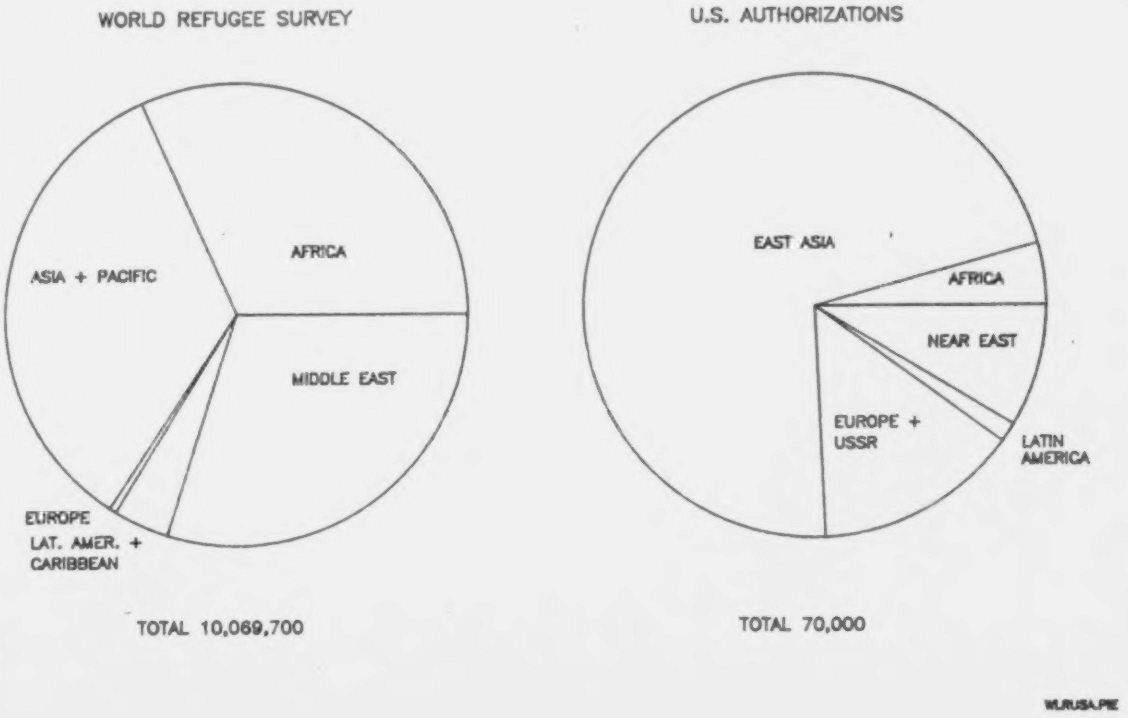
Figure 5: THE WORLD'S LOCATION OF REFUGEES AND U.S. AUTHORIZATIONS FOR REFUGEE ENTRIES BY REGION, 1985



WORLD REFUGEE SURVEY

U.S. AUTHORIZATIONS

Table 1: Differences between Refugee Authorizations and Arrivals and Refugee Authorizations and Approvals, 1980 - 1985

	AUTHORIZED	ARRIVALS	ABSOLUTE DIFFERENCE
1982	140.000	93.252	46.748
1983	90.000	57.064	32.936
1984	72.000	67.750	4.250
1985	70.000	62.477	7.523

	AUTHORIZED	ARRIVALS	ABSOLUTE DIF	% DIFFERENCE
1982-1985	372.000	280.543	91.457	25%

	AUTHORIZED	APPROVALS	ABSOLUTE DIFFERENCE
1980	231.700	206.912	24.788
1981	217.000	155.291	61.709
1982	140.000	61.527	78.473
1983	90.000	73.645	16.355
1984	72.000	77.932	-5.932
1985	70.000	59.436	10.564

	AUTHORIZED	APPROVALS	ABSOLUTE DIF	% DIFFERENCE
1980-1985	820.700	634.743	185.957	23%
1982-1985	372.000	272.540	99.460	27%

Charles B. Keely
Population Council

Representative **Scheuer**. Mr. Keane, I understand you want to catch a 1 o'clock plane.

Mr. **Keane**. A train.

Representative **Scheuer**. A train. OK. [Laughter.]

Mr. **Keane**. That's all right. I would have preferred to, but it's not urgent. I'll stay.

Representative **Scheuer**. Well, I'll put my questions in writing. If you want to catch it. Go on.

Representative **Lungren**. You'd better start running right now. [Laughter.]

Representative **Scheuer**. If you have a car. If you don't—Tom, you want to give him a ride to the station?

Mr. **Keane**. I'm all set on transportation.

Representative **Scheuer**. OK. Very good.

Mr. **Keane**. Thank you, Mr. Chairman.

Representative **Scheuer**. Thank you very much for appearing here. We appreciate it very much.

[The following written questions and answers were subsequently supplied for the record:]

RESPONSE OF JOHN G. KEANE TO ADDITIONAL WRITTEN QUESTIONS POSED BY REPRESENTATIVE SCHEUER

Question 1:

As you have pointed out in your testimony, there has been a significant shift in the country of origin of immigrants since 1965. Before then, most immigrants were from European countries, including the USSR. Since then, most immigration has been from Asia and Latin America.

In any of your Census Bureau surveys, have you found any differences in their goals or values or their desires to become Americans and be integrated into American society? How do immigrants from these two different periods fit into traditional American values and culture?

If you have never asked questions like these in the Census Bureau's surveys, wouldn't this be useful knowledge to have?

Response 1:

The Census Bureau does not collect information on goals or values in its surveys. These concepts can be hard to measure and often prove to be controversial or sensitive subjects. In a similar vein, defining what constitutes "traditional American values and culture" is very difficult and measuring the concepts, once defined, even more so.

The type of information on goals and values that you are requesting could be useful and is usually collected in public opinion polls conducted by private or academic researchers. The data item collected by the Census Bureau that might be considered most closely related to the desire to "be integrated into American society" is the ability to speak English. I discuss these data from the 1980 census in my response to Question 2.

Question 2:

In terms of the following characteristics, are there any significant differences between current immigrants into the United States and immigrants who came, say, prior to 1965:

- Are they more or less skilled?
- Are they more or less educated?
- Are there more dependents, such as the elderly or children?
- Are there more criminals?
- Are they more or less likely to depend on welfare?
- Does the answer vary with ethnic group?

Among major ethnic groups which have arrived since 1965, have some ethnic groups proven more successful than others in adjusting to American society in terms of improving their level of education, acquiring new job skills, and improving their economic status?

Response 2:

The 1980 census does provide data that can be used to address some of the issues you raise. Data on occupational status provide indications of skill levels for various cohorts of immigrants. The census also includes information on the educational attainment and age structure (proportion of dependents) for immigrant cohorts. Although the census does not have data on the proportion of criminals or welfare dependency among the foreign-born population, we do have information on the income of immigrant households.

Census data on the demographic, social, and economic characteristics of the foreign-born population of the United States provide a cross-sectional portrait of immigrants to the United States based on their status in 1980. Examination of data for persons born in various countries and for persons who came to the United States at different points in time can, however, provide some indications of the adjustment of immigrants to life in the United States. Because census data provide a "snapshot" in time of the immigrant population, however, it is necessary to use some caution in interpretation of the data purely as indicators of differences in social and economic adjustment or achievement.

The characteristics of the foreign-born population on Census Day 1980 are a function of numerous processes and factors. Immigrant populations from different areas may have considerably different characteristics when they enter the United States. Selective emigration from the United States can affect the characteristics of the population still residing in the United States. The legal status of the foreign-born persons on entry to the United States has an effect on their characteristics in 1980. For example, undocumented aliens and refugees may have lower initial socioeconomic status than permanent resident aliens. The census includes some of each of these types but does not differentiate them by legal status. All such initial differences affect the status of various immigrant groups in the 1980 census. Finally, differential adjustment and achievement after arrival in the United States contribute to the observed differences in 1980, but they are obviously not the only factors.

We must also consider one final factor. Observed differences in 1980 between groups of immigrants may be attributable to little more than the passage of time. A person (or group) who came to the United States in 1955 has had 20 extra years to adjust to life in the United States when compared to a person (or group) who came in 1975. Furthermore, differences in dates of entry may also be associated with differences in the stage of life cycle that a person (or group) has reached. The attached tables provide summary statistics from the 1980 census on social and economic characteristics of different groups of immigrants. These data have been extracted from special tabulations of 1980 census data on the foreign-born population and represent different aspects of achievement and adjustment to the United States.

Occupational Status. Employment in managerial and professional specialty occupations depends both on educational preparation (whether obtained in the native country or the United States) and success in obtaining the type of position for which the individual has trained, that is, success in negotiating the job search process. On the whole, the foreign-born population is well represented in professional occupations in comparison with the native-born population. (See Table 1.) A slightly higher proportion of employed foreign-born males aged 16 years and over were in professional occupations than of all males (12.4 percent versus 11.0 percent). For females, the same figures show that foreign-born women are not quite as well represented in professional occupations as all women (11.5 percent versus 14.1 percent); this difference, however, is not extremely large. For both sexes, the most recent cohorts (those who entered during the 1970s) have lower proportions in the professional occupations than the earlier cohorts, especially those who entered before 1960.

The slight differences by sex and period of entry among immigrants mask much larger contrasts among immigrants from different regions. Only 5.2 percent and 7.1 percent of employed males and females, respectively, born in Latin America were employed in professional occupations. Both proportions are much smaller than either the total or the foreign-born population. Within the Latin American immigrant group, the most recent entrants, those who came during the 1970s, have even smaller proportions in professional occupations--only 3.2 percent for males and 4.4 percent for females.

Immigrants from Asia, in contrast, were considerably more likely than the total population to be employed in professional occupations with 22.8 percent of the males and 17.1 percent of the females so employed. The foreign-born population from Europe has a pattern of professionalization that closely resembles that of the total population. One unusual feature of the European group is that there is little variation over the entry cohorts. Those who entered the United States from Europe before 1960 are no more likely to be employed in professional occupations than those who entered during the 1970s.

Education. A higher proportion of the native-born population has at least a high school degree (68 percent) than does the foreign-born population (53 percent). (See Table 2.) On the other hand, the proportion of each population that has graduated from college is about the same (16 percent). These simple comparisons, however, obscure differences within the foreign-born population among entry cohorts and country of birth groups.

Immigrants who entered the United States since 1960 are more likely to have finished college than immigrants who entered before 1960. The most recent immigrant cohorts, those who entered during the 1970s, are more likely to have finished college than even the native-born population. More recent immigrants are also more likely to have graduated from high school than earlier immigrants, but less likely than the native population.

Differences in educational attainment among immigrant groups from different regions are even greater than the differences between the native and foreign-born populations. Latin American immigrants in the 1980 census, regardless of their period of entry, are considerably less likely than either natives or other immigrants to have finished either high school or college. The group of immigrants with the highest educational attainment consists of persons born in Asia who came to the United States in the 1960s and 1970s. Over one-third (36 percent) of all immigrants from Asia included in the 1980 census were college graduates. In comparison, the proportion of Latin American immigrants with a college degree is 9 percent; for European immigrants, 12 percent.

Some caution is necessary when considering these observed differences in educational attainment as of the 1980 census. It is indeed the case that more recent immigrants are more highly educated and that Asian immigrants have the highest educational attainment. Data from the 1980 census alone, however, do not show whether the differences are the result of differences in educational attainment at time of entry into the United States or of differences in attainment after the immigrants arrived in the United States.

Age Structure. Overall, the foreign-born population includes a smaller proportion of persons under 15 years of age and 65 years or older (8.8 percent plus 21.2 percent, or 30.0 percent) than does the native-born population (23.5 percent plus 10.6 percent, or 34.1 percent). (See Table 3.) This age pattern can be attributed principally to the fact that the foreign-born population includes considerably fewer persons under 15 years of age than does the native-born population. Such a difference is to be expected since figures for the foreign-born population do not include children born in the United States of foreign-born parents; such children are included with the rest of the native-born population. At the upper end of the age spectrum, the foreign-born population has a higher proportion aged 65 years and over than does the native-born population.

The age structure of foreign-born populations from different regions varies considerably; only 3.5 percent of persons born in Europe are under 15 years of age versus 14.8 percent of persons born in Asia. Examination of the data in Table 3 shows that the variation in overall proportions under 15 years is principally a result of differences in dates of entry. Among persons who came to the United States between 1975 and 1980, the proportions under age 15 do not vary substantially (from 21.9 percent for persons born in Europe to 24.5 percent for persons born in Latin America). The proportions under age 15 among those who entered during 1970-74 and 1965-69 differ even less among the various foreign-born populations. (By definition, there are no persons under age 15 in 1980 who came to the United States before 1965.) Thus, the reason that the Asian and Latin American-born populations are younger than the European-born populations in 1980 is that a much higher proportion of Asians and Latin Americans came in the 10 years before the census. The recent European immigrants have roughly the same proportion of children, but these cohorts constitute a much smaller proportion of the total population from Europe than do the recent cohorts among Asians and Latin Americans.

The same phenomenon, that is, similar age structures within period of entry groups, but differences in relative sizes of these groups across regions of birth affects the proportion aged 65 years and over in the various foreign-born populations. For example, among persons born in Latin America, 7.8 percent are aged 65 years or older, whereas among persons born in Europe, fully 36.7 percent are as old. Yet, for each period of entry from 1960-64 through 1975-80, the percent aged 65 and older for the two groups differs by no more than 2.1 percentage points. For those who entered before 1960, the European-born population has 53.8 percent aged 65 and over, many of whom entered before 1930. On the other hand, the Latin American-born population who entered before 1960 has only 28.9 percent aged 65 and over because most of them entered during the 1950s. Again, at the upper end of the age spectrum, differences between the recent immigrants and previous cohorts are largely a function of how long ago they came to the United States. The age composition of the cohorts when they enter the country is basically no different for the new immigrants.

Income. The income of groups and individuals provides an important assessment of adaptation to life in the United States. According to Table 4, the money income of the foreign-born population is somewhat lower than that of the total population. Foreign-born males aged 15 years and over have a median income of $10,500, whereas all males in this age group have a median income of $12,200, or some 16 percent more. The most recent entry cohorts, those who entered in 1975-80 and 1970-74, had median incomes of $7,500 and $10,600, respectively. These figures are substantially lower than the median incomes of the cohorts who entered during 1965-69 and 1960-64--$12,300 and $13,300. In fact, the 1960-64 entry cohort has a higher median income than the total population.

This pattern of higher incomes with longer durations of residence in the United States is indicative of increasing adaptation to the United States. Since the earlier entry cohorts tend to be older and more experienced than more recent cohorts, these differences also represent different stages of the life cycle. The general pattern of rising incomes with longer residence in the United States does not hold for those immigrants who entered before 1960. This group, with a median income of $11,100, includes many older immigrants who are retired or partially retired, thus accounting somewhat for the lower incomes.

The incomes of immigrants vary substantially among the different groups. Immigrants from Latin America and the Soviet Union have incomes substantially below those of other immigrant groups and the total population. If we consider the total population born in each region, the highest incomes are for European-born immigrants. Within each period-of-entry cohort (except those who came during 1975-80), however, Asian-born immigrants have incomes that exceed those of the Europeans. The lower median income of the most recent entry cohort from Asia is attributable to the high proportion of refugees in the group.

Ability to Speak English. Acquisition of English language skills is an extremely important indicator of adaptation to living in the United States. Labor force participation, occupational status, and even income may depend ultimately on the immigrants' ability to speak English well. In this regard, immigrants from the United Kingdom, Canada, Australia, and New Zealand, who generally have English as their native language, have advantages over many immigrants in their adjustment to the United States.

The figures in Table 5 imply that poor English language skills are less prevalent in cohorts that have been in the United States longer. The 1980 census provides data on the proportion of the population aged 5 years and over who speak English "not well" or "not at all." The proportion in these groups is highest (39 percent) among the most recent immigrant cohort, persons who entered the United States during 1975-80. Earlier immigrant cohorts--those of 1970-74, 1960-69, and before 1960--have progressively smaller proportions with poor English language skills: 27 percent, 20 percent, and 10 percent, respectively. All these figures are significantly larger than the 0.5 percent of the native-born population who speak English "not well" or "not at all."

Again, there are also large differences among immigrant groups from different regions. Immigrants from Africa, Europe, and the Soviet Union have smaller than average proportions with poor English skills. (Note, however, that recent immigrants, particularly from the Soviet Union, have substantially higher proportions with poor English skills.) Over one-third (39 percent) of Latin American immigrants speak English "not well" or "not at all." For persons born in Mexico, over half (52 percent) have poor English language skills. Within this group, too, the differences by period of entry are significant. Over two-thirds (68 percent) of persons born in Mexico who entered the United States during 1975-1980 spoke English "not well" or "not at all," but only 38 percent of those who entered before 1960 did so.

Summary. The 1980 census provides indications of the process of adaptation by immigrants to life in the United States, but it alone does not provide a definitive description of the process. Immigrants of the 1970s clearly are more highly educated than earlier immigrants. The other measures of achievement and adjustment--ability to speak English, occupational status, and income--suggest that adequate assessments cannot be made until the more recent immigrants have had more time to make the many required adjustments to living in the United States.

Immigrants from Europe have consistently fared well in the United States. This group includes immigrants from the United Kingdom--a group that probably experiences little difficulty in adapting to the United States since our culture strongly resembles their native culture. For the decade of the 1970s, immigrants from Asia appear to have been very successful in adjustment to the United States, particularly in terms of occupational and economic achievement. If the recent Asian entry cohorts emulate the success of the pre-1970 entry cohorts from Asia, then the foreign-born population from Asia will have been at least as successful as the European immigrants in adjusting to life in the United States, and maybe more so. Of the groups examined, the Latin American immigrants have lower levels of achievement and adjustment in terms of income, occupational status, education, and ability to speak English than the other foreign-born groups.

Question 3:

If the current level and composition of legal and illegal immigration were maintained indefinitely, what effect would that have on long-term trends in the total population of the United States, the composition of our population, and on our society and national culture? What major changes in American culture and society should we begin preparing ourselves for now?

Response 3:

Some of the results of the Census Bureau's most recent set of population projections were discussed in my written testimony. These projections, published in Current Population Reports, Series P-25, No. 952, encompass a range of assumptions about immigration to the United States. (I am sending a copy of the projections report with my responses to these questions.) The middle immigration assumption of 450,000 net immigration per year is roughly equivalent to the current level of net legal immigration. The high immigration assumption used in the projections is 750,000 per year. This assumption would thus encompass an amount of net undocumented immigration that is at the high end of the range estimated by the Census Bureau for 1980-1983, or 100,000-300,000 net undocumented immigrants per year.

The principal feature of the Census Bureau's high immigration projection is the continued growth of the population. Under the high immigration scenario, the population of the United States is projected to reach 274 million by 2000, 325 million by 2030, and 355 million by 2080. In contrast, under the middle immigration scenario, the projected population would be 268 million by 2000 (or 6 million less), 305 million by 2030 (or 20 million less), and 311 million by 2080 (or 44 million less). In addition, under the middle immigration scenario, population growth is projected to be approximately zero by 2080, but under the high immigration scenario, the population is projected to continue growing into the 21st century.

Two principal trends that are apparent in the population projections would not be altered substantially by higher levels of immigration--the aging of the U.S. population and the increasing percentage of the population that is Black and other races. The median age of the population increases steadily in the high immigration projection, reaching 40.3 years in 2030 and 42.2 years in 2080 from the current level of just over 31 years. The middle immigration series differs little from the high scenario. By 2030, the median age would reach 40.8 years, a difference of only 0.5 years; in 2080 the projected median age would be 42.8 years, or only 0.6 years higher than in the high immigration projection.

Under both the high and middle immigration projections, the proportion of the population that is Black and other races continues to increase throughout the projections. Given the composition of the current stream of immigrants, it is reasonable to suppose that the percentage of the population that is of Hispanic origin would also continue to increase. The Census Bureau is currently preparing a report on projections of the Hispanic population. When the report is complete, we will be able to assess the implications of continued high immigration on the Hispanic population of the United States. We will send a copy of the publication to you when it is completed.

The relative sizes of major age groups will change in the future. Under the middle immigration scenario, the proportion of the population in the working ages (20-64 years) is projected to increase until about 2015 and then decrease steadily to 2030. Under the high immigration assumption, the proportion follows almost exactly the same trend at a very, very slightly higher level (only 0.1-0.4 percent higher out of 54-61 percent). The proportion at ages 65 years and over would continue to increase under both scenarios, leaving the younger ages to decrease as a percent of the total population.

The Census Bureau's projections that are consistent with current levels of legal and undocumented immigration do not contain any substantial demographic surprises. The projections, of course, only address the demographic structure of the population and its size. The Census Bureau does not attempt to assess the possibility of cultural changes resulting from the demographic consequences of the projections, nor do we attempt to measure or project goals and values. The demographic trends that are projected under lower immigration assumptions are affected only slightly, if at all, by increasing the assumed number of future immigrants. The principal difference between the high and middle immigration scenarios is that the size of the projected population is larger when more immigration is assumed.

Attachments

Table 1. Percent of Employed Persons Aged 16 Years and Over in Professional Specialty Occupations, by Nativity, Country or Region of Birth, Period of Immigration to the United States, and Sex: 1980 Census

Nativity and Region or Country of Birth	Males				Females			
	All Periods	1970-1980	1960-1969	Before 1960	All Periods	1970-1980	1960-1969	Before 1960
Total Population	11.0	(X)	(X)	(X)	14.1	(X)	(X)	(X)
Foreign-Born Population								
All Countries	12.4	10.9	13.0	13.7	11.5	10.6	11.5	12.5
Latin America	5.2	3.2	1.0	7.8	7.1	4.4	8.8	10.5
Asia	22.8	19.5	31.7	22.9	17.1	16.0	20.2	15.8
Europe	13.2	13.7	11.6	13.9	11.1	11.1	9.7	11.8

(X) -- Not applicable.

Table 2. Percent of Population Aged 25 Years and Over by Educational Attainment, Nativity, Region or Country of Birth, and Period of Immigration to the United States. 1980 Census

Nativity, Region or Country of Birth, and Educational Attainment	Period of Immigration to the United States			
	All Periods	1970-1980	1960-1969	Before 1960
Native Population				
Less than High School Degree.....	32.3	(X)	(X)	(X)
High School Graduate..........	67.7	(X)	(X)	(X)
College Graduate....	16.3	(X)	(X)	(X)
Foreign-Born Population				
All Countries				
Less than High School Degree.....	46.9	43.1	41.0	51.9
High School Graduate..........	53.1	56.9	59.0	48.1
College Graduate....	15.8	22.2	18.2	10.9
Latin America				
Less than High School Degree.....	59.0	64.2	51.7	60.9
High School Graduate..........	41.0	35.8	48.3	39.1
College Graduate....	8.9	7.3	11.3	7.9
Asia				
Less than High School Degree.....	27.0	25.5	20.5	40.0
High School Graduate..........	73.0	74.5	79.5	60.0
College Graduate....	35.9	37.4	43.6	21.5
Europe				
Less than High School Degree.....	48.8	39.7	38.4	52.7
High School Graduate..........	51.2	60.3	61.6	47.3
College Graduate....	12.5	21.8	15.3	10.3

(X) -- Not applicable.

Table 3. Percent of Population Under 15 Years of Age and Aged 65 Years and Over, by Nativity, Country or Region of Birth, and Period of Immigration to the United States: 1980 Census

Nativity and Region or Country of Birth	Percent of Population Under 15 Years of Age						Percent of Population Aged 65 Years and Over					
	All Periods	1975-1980	1970-1974	1965-1969	1960-1964	Before 1960	All Periods	1975-1980	1970-1974	1965-1969	1960-1964	Before 1960
Total Population	22.6	(X)	(X)	(X)	(X)	(X)	11.3	(X)	(X)	(X)	(X)	(X)
Native Population	23.5	(X)	(X)	(X)	(X)	(X)	10.6	(X)	(X)	(X)	(X)	(X)
Foreign-Born Population All Countries	8.8	23.7	15.0	6.7	(X)	(X)	21.2	3.0	3.4	5.2	6.6	48.7
Latin America	11.6	24.5	14.4	5.4	(X)	(X)	7.8	1.9	3.2	5.5	6.6	28.9
Asia	14.8	22.9	14.6	6.1	(X)	(X)	7.2	3.4	2.9	3.5	4.7	34.1
Europe	3.5	21.9	14.6	6.2	(X)	(X)	36.7	4.0	4.6	5.5	7.1	53.8

(X) — Not applicable.

Table 4. Median Income in 1979 for Males Aged 15 Years and Over with Income, by Nativity, Country or Region of Birth, and Period of Immigration to the United States: 1980 Census

(All figures rounded to nearest $100)

Nativity and Region or Country of Birth	Total, All Periods	Period of Immigration to the United States				
		1975-1980	1970-1974	1965-1969	1960-1964	Before 1960
Total Population	$12,200	(X)	(X)	(X)	(X)	(X)
Foreign-Born Population						
All Countries	$10,500	$7,500	$10,600	$12,300	$13,300	$11,100
Latin America	9,000	6,600	9,100	10,300	11,900	10,300
Asia	11,400	7,800	13,700	16,500	16,900	12,300
Europe	15,900	12,300	13,200	14,500	15,100	11,400
Soviet Union	9,500	6,500	11,300	12,700	14,000	9,700
Africa	11,000	7,200	11,500	17,300	16,400	14,100

(X) -- Not Applicable.

Table 5. Percent of Persons 5 Years of Age and Over Who Speak English 'Not Well' or 'Not at All,' by Nativity, Region or Country of Birth, and Period of Immigration to the United States: 1980 Census

Nativity and Region or Country of Birth	Period of Immigration to the United States				
	All Periods	1975-1980	1970-1974	1960-1969	Before 1960
Native Population	0.6	(X)	(X)	(X)	(X)
Foreign-Born Population					
All Countries	21.6	39.0	27.4	20.2	9.9
Latin America	39.7	55.2	39.8	27.8	29.1
Mexico	51.6	68.5	50.3	42.1	38.4
Asia	21.7	32.0	12.6	11.1	17.2
Europe	10.7	25.0	22.9	13.6	6.7
Soviet Union	16.4	46.2	17.2	18.5	9.5
Africa	7.2	10.9	5.0	4.6	4.1

(X) — Not applicable.

Representative **Scheuer**. We're under a little bit of time pressure. So we're each going to take 10 minutes, and then we have to get out by 1 o'clock. We'll be 5 minutes late.

Mr. Nelson, I have just a couple of questions for you.

You talk about a program of jobs for citizens, voluntary jobs for citizens. Ask employers to hire American citizens first. Your predecessor here this morning, Ray Marshall, former Secretary of Labor, testified that he had done quite a study in California not too many years ago on just exactly this subject. Were you here when he testified?

Mr. **Nelson**. I caught the last part only.

Representative **Scheuer**. And he found that there were hard, compelling economic reasons why employers would want to hire illegal immigrants. They were easily exploitable. They feared taking recourse to the law. In fact, they could be pushed around and mistreated and didn't feel they had any recourse to anybody. They would work at submarginal wages and submarginal working conditions, and when there was turnover, they were inevitably replaced by other illegals, for the very good reason that the employers perceived it in their economic interest to replace illegals with other illegals.

What hope do you have that a voluntary job for citizens program would have any impact on these rather tough hombres, these employers, who perceive it in their economic interest to hire a low-paid, usually exploitable labor supply that's constantly being refreshed by other illegal immigrants who are equally exploitable?

Mr. **Nelson**. I think, Mr. Chairman, it's a common game, like in so many areas, a combination of many factors. And I summarize it, that it's a carrot-and-stick approach, but clearly, there are some employers that fit into your model that have no desire to hire other than illegals and can get them at far less wages, and so forth. But clearly, there are a lot of other employers who might hire illegals that are paying them good wages. We find an awful lot of illegals that we apprehend are making $8, $10, $15 an hour. So it's hardly the $2 an hour cheap labor that a lot believe. So there are a lot of good jobs out there and illegals getting paid well.

A lot of employers are honest and say, "we can't get good American laborers," for a variety of reasons. And if they could get some help in finding workers, they would do so. So I think that's one aspect of why these jobs for citizens can work.

The other one is the stick approach. If we can get the employment service, business community, chambers of commerce, some of the labor unions, some of the community groups coordinated, they could work together with INS. We're not interested in getting into the job business; we just want to be a catalyst in this, not an operational part. They must work with employers and also put the pressure on the employers in order for the employer to adhere to the law or otherwise will get a lot of heat from the community for hiring illegals.

Then, of course, we hope that we can get employer sanctions, and this will give us the additional enforcement tools we need.

So I think we can approach it from a multifaceted way. And if we can get more public attention, particularly through these community groups, we think we can accomplish a lot.

Representative SCHEUER. All right. Time doesn't permit me to engage in much further discussion of that item.

Now your suggestion that we ought to work with Mexico on the problem of illegal immigration. Now that's a nice plus statement. It's a very platitudinous statement, in my opinion. We're trying to work with Mexico on the problem of illegal drugs, but yet we know that the Mexican Federal Police are guarding illegal traffickers as they unload planeloads of drugs of all kinds a mile or two across the border and loading them onto trucks. We know that virtually at the highest levels of the Mexican Government, there's pervasive involvement in the drug trade. The Mexican Government is shot through with corruption.

We haven't been able to accomplish anything meaningful with the Mexicans on the problem of drugs.

Now on the problem of illegal immigration, the Mexicans have a galloping population explosion. They have about 800,000 new entrants into the job market every year, and they've never produced more than one-fourth million new jobs, and now with the price of oil going down and a depressed economy, they're producing less than that.

So they have at least 500,000 or 600,000 additional people every year looking for jobs, for whom there are no jobs. That's an incremental figure. There's no hope. They have absolutely no hope in the near or medium term of reducing what is a 50-percent unemployment rate. And they have, as a matter of public policy, determined that the United States is going to be their population safety valve. As a matter of public policy, they virtually lead their people by the hand up to our border and then shove them across.

Now how can you talk about working out a nice program with Mexico on illegal immigration? I think if the Mexican Federal Police were ever ordered by the President of Mexico to stop the illegal emigration on their side, they would be very successful in that mission, because they're a very tough police force that operates under far less stringent limitations than our police do. They could stop it, if they wanted to. They could stop it virtually overnight. But they haven't, and they haven't for a very good reason, and that is that it serves Mexico's interest to have a flow of half a million or so of their own immigrants, plus another hundreds of thousands of immigrants who transit Mexico.

I think your figures prove that of the total immigration that comes over that border, 60 percent of it is Mexican and 40 percent of it is other people transiting Mexico from Latin America and other parts of the world.

What hope can you give us that is realistic to say that the Mexican Government is going to cooperate in reducing the flow of illegal immigration? Is there any logical hope that you can hold out in the face of a consistent and demonstrable policy on the part of the Mexican Government to facilitate and encourage their unemployment population to seek employment by heading north?

Mr. NELSON. Yes, Mr. Chairman, I think there is hope, but we have to base this on the actualities. Mexico is there. We have a 2,000-mile border with Mexico. It's not going to float away. We have to deal with the issues, and the worst thing we can do is to get into an armed-camp attitude and a negative attitude that we can't work well with Mexico. They have been our friends. We have an excellent relationship with them. Certainly, they have a lot of problems. They recognize it as well as we do. But to take the attitude, such as the Commissioner of Customs did, is the most counterproductive thing you can do. You have to work with these problems and deal with them effectively.

And let me shift to some specifics.

Now you mentioned the safety valve thing. That is a fact. There's no question about it. It's been interesting to me in the 4 to 5 years I've been here, and I was very surprised, there's been very little dialog between the United States and the Mexican Governments on immigration issues.

And that's largely because the Mexicans weren't particularly interested in talking about it. As you say, it's in their interest to let the illegal situation go on.

But it's in our interest to talk about it, and it's also in their interest in many other ways, because there's a lot of immigration issues beyond just the illegal flow. Border relationships, mutual economies, the legal flow, as the charts indicate. There are large numbers of legal Mexican immigrants, permanent, as well as the visitors, and everything, so we must have an effective and good relationship.

One thing I have done, along with Attorney General Smith and now Attorney General Meese and others including Ambassador Gavin is to start talking more definitively on immigration issues.

And we've been doing that. For example, in February 1985, I went to Mexico and I met with a Senate committee down there and a House committee, much like a hearing here, and talked about our immigration legislation, what we propose. Because there's been a lot of horror stories and that we were going to have mass roundups, and it was discriminatory, and all that. I had a chance to brief them on what our laws were and what we intended and what we didn't intend. And that, I think, went a long way. And I know the Ambassador was pleased to take away some of these horror stories.

Representative SCHEUER. Have there been any constructive results from those meetings, in terms of an effort by the Mexican Government to reduce the flow of illegal immigrants?

Mr. NELSON. Yes. And let me get to that. I'm touching on many bases.

Representative SCHEUER. We're very short of time.

Mr. NELSON. All right. I'll be brief. On the constructive efforts and two meetings we've had in Mexico, as part of the so-called law enforcement summit, we've talked on many, many issues. Border violence issues, third country national flows through Mexico, smuggling and concluding the joint efforts in investigation and prosecution, the economic conditions and also some specific things relating to illegal Mexican immigration. On the former, we have had very significant cooperation from Mexico in dealing with third countries, particularly Central Americans, because it impacts them. They have become tough on their southern border, and that's a help to us also.

They have apprehended at the Mexico City Airport and other airports many hundreds of illegals coming through with fraudulent documents from all over the world. This helps us directly. We've had joint prosecutions and investigations on alien smuggling cases that have been very effective. We're going to expand those. They've agreed to that.

They're agreeing to more steps regarding the third country nationals.

Representative SCHEUER. How about the main game of their helping curtail the flow of Mexican illegal immigrants?

Mr. NELSON. That, of course, is a tougher issue, but again, we're talking about it, and we've made a couple of specific proposals that they're looking at. They're not going to be easy, but they're looking at them, and we're going to continue to press.

Representative SCHEUER. While these discussions are going on, and hopefully, they'll produce some positive results, don't you think it would be prudent to increase the level of law enforcement at the border?

Mr. NELSON. Well, let me just answer that other part.

We have proposed to the Mexicans that we return to what we call interior repatriation, but it's basically a program to take some Mexican nationals down into the interior from whence they came. We move them from the border, because, obviously, they'll come across our way, and it's to our detriment, a detriment to the Mexican, and let's face it, we all reach agreements when it's mutually beneficial to ourselves.

Now the benefit for the Mexican is, it takes away a lot of clogging up of their border cities. We are going to continue to press that. That will help.

We have also specifically proposed that we establish at Mexico City Airport a preclearance operation, where we can do our immigration and customs clearance, so people won't get on the airplane unless they're legitimately coming here, and the benefit to us is obvious as is the benefit to Mexico. They can also tie it into narcotics enforcement.

So we're pressing that. We are talking with their judicial police and others on some other things. The basic restriction of huge numbers, that's a very difficult one, but I think the steps we talk about are concrete. They're significant, and that we're making progress. It's a difficult area, but there is no other reasonable alternative.

Representative SCHEUER. Well, I don't say there's an alternative, but there's a complementary program that would be increasing the—hardening up that border, increasing the level of surveillance. Some physical impediments to people just walking across a dry river.

Do you have a comprehensive program for hardening up the border?

Mr. NELSON. I would say. We certainly, as I mentioned in the testimony and our earlier discussion on the increases, the larger increase in history that took place last year, and in addition——

Representative SCHEUER. Mr. Nelson, in all honesty, we have a very clear perception here that three times zero, is three zeros, and you're starting from such a painfully, pathetically, shamefully low base of law enforcement, that if you doubled or trebled it, it would still be grossly inadequate.

Mr. NELSON. Well, it's not three times zero, it's——

Representative SCHEUER. What I'm asking you to do is is to think about the level of law enforcement, the level of surveillance that would be necessary to stop most of the illegal immigration. And we're not talking about hermetically sealing the border. We're talking about that 80 or 90 percent.

Mr. NELSON. We are thinking of that, and certainly, the major vehicle for that is immigration legislation because that would provide the funding for increased border activity, as well as the sanctions part of it.

Representative SCHEUER. Would you welcome funding? Would you welcome additional funding?

Mr. NELSON. Yes; we would. But it ought to be part of the package that has been before Congress for 5 years.

Representative SCHEUER. OK. We have about 10 minutes before we have to leave, and I yield to my colleague, Dan Lungren.

Representative LUNGREN. Thank you, Mr. Chairman.

I just thought of the juxtaposition of this hearing with the bill that is on the floor now, which is a—I view it as a protectionist piece of legislation, but which is being championed by some as the way to protect our economy.

Perhaps that is what Mexico ought to do. They can solve their problems and increase employment by just having more protectionist legislation if it works here in the United States. I suspect it would be as successful there as it would prove to be here.

I understand your comments, Commissioner Nelson, on the question of working and cooperating with Mexico. As you know, I have every year had the amendment to have a bilateral commission established as part of the immigration package.

I must say, however, I am concerned, as are some on the front lines, about the lack of full candor and cooperation with Mexico. Just last week I was privileged to give one of the memorial addresses for the police officers who were slain in the service of our communities, and that included Federal police officers, and among them was Enrique Kamareno, who, of course, died a rather difficult and tortuous death at the hands of some who had at least allegedly some official capacity with the Mexican Government or local government down there.

I don't think we have had the full cooperation of the Mexican Government with respect to that, and having a cousin who has been in the service of the DEA for more than a decade, I am going to reserve judgment on Mexico and their level of cooperation until we see some appreciable difference in what we get in the area of drug smuggling.

I do think the comments of Leonel Castillo a couple of years ago are appropriate, where he said basically—paraphrasing his comments in response to a question of mine—look, the Mexican Government says you are the largest, the strongest, most heavily industrialized or heavily developed industrialized country of the world, and you don't take immigration seriously. Why should we do your job for you? When you take it seriously, we will take it seriously.

And I think that is a challenge to Congress. We still have not done that.

My own observation is employer sanctions are absolutely essential if we are going to do anything, no matter how many Border Patrol officers we put on the border, and I support that.

Mr. Keely, I would like to ask you a couple of questions because I agree with a number of your comments.

I am not one of those who is worried about the ethnic composition of my home State of California. I happened to grow up in California when I thought Hispanics were like everybody else. I didn't realize there was an essential difference.

The Census Bureau I think used to count them as white or something, and then we have classified people for various reasons. There is something known as intermarriage I have noticed in my home State of California. So that doesn't bother me.

What does bother me, however, is uncontrolled borders, and you spoke a number of times about the number of immigrants to the population as one way of viewing our situation.

Do you think it is relevant, or do you think it is entirely irrelevant to count the number of illegal immigrants to the total population or the number of illegal immigrants to the number of jobs available in the economy that might otherwise go to unemployed Americans?

Mr. **Keely**. Yes, sure; it would be relevant. The question, you know, when you talk about the number of illegals, I have heard a number of numbers thrown around here today left, right, and center. I heard one of your colleagues say that for everyone that is caught three to four get by.

I find that ludicrous, and with all due respect, if the Commissioner's Border Patrol, which I think is also not well served by such kinds of talk, if that was the case, they catch about a million, I think, Mexicans a year. Apparently, that would be the projection. If 3 to 4 get away, that is 3.5 million. That is crazy.

Representative **Lungren**. I think more precisely, the statement I have heard from Border Patrol officers is they think for every one they apprehend perhaps between two and four illegal entries are made, and as you know, many people come across the border more than once, sometimes more than once a day.

Mr. **Keely**. Well, then the issue really is then how many people are we talking about and what is their impact on the economy?

Representative **Lungren**. I don't know.

Mr. **Keely**. Well, then it doesn't seem to be pretty helpful to me to talk bout 2 to 4 million entries if these entries are of minuscule impact on the United States. I mean, all these people coming and, you know, filling jobs, the other thing is taking jobs of Americans.

You see, what we haven't talked about in this whole displacement thing here is what is the difference between displacement and economic adjustment that goes on in this country.

Representative **Lungren**. An economic what?

Mr. **Keely**. Adjustment. There is adjustment, labor force adjustment.

We are in a dynamic economy. We are in an economy that has added more jobs than any other country since early in the 1970's through all the administrations, the different parties, and so forth, OK? We have had ups and downs of unemployment during that same time.

I would think—you know, given that experience, I would wonder how any body could show that it was the major factor in the economy, or particularly the labor force performance of this country, with illegal migration. I think there are other things that are involved.

But that—let me also just add—that is no justification, and I would agree with what Congressman Scheuer started the hearings off with, no justification for having illegal migration, and also the United States, I think as you mentioned before, ought to start taking seriously—if we talk about loss of control of our borders, we didn't lose it, we gave it away with the Texas proviso. We gave it to employers. And then we got upset because it wasn't just agricultural employers that were going to call the shots after 1964, when we ended the Bracero program, and it wasn't just Mexicans, OK?

So the United States did not lose control of our border. We gave it away.

Representative LUNGREN. So you would not be adverse to us having an immigration policy that was in fact enforcible and enforced?

Mr. KEELY. Of course, I wouldn't, and that would be employer sanctions.

Representative LUNGREN. You see, because I have been working very hard for immigration reform and there are those who are working for immigration reform who believe in zero population growth for this country, which I reject. I am not afraid of people coming here. I am not afraid of my neighbors looking a little differently than I am, and I am not afraid of their competition.

In fact, I think if we don't have that competition we get kind of soft and flabby as a nation.

Mr. KEELY. You and I agree.

Representative LUNGREN. But we do need to do some things.

Let me just comment on what you said about refugees because I happened to be one of the authors of the Refugee Act of 1980, and I think there is a slight misinterpretation in your comments.

The way we set up the Refugee Act was to grant a ceiling authorization to whatever the administration is. So the fact that the numbers that actually come in are below the ceiling does not mean the administration is refusing, as you put it in an analogy, to spend numbers. It is what eventuated through all their activities.

They do not violate the intent of the Congress. I can tell you as an author of that bill and as a member of the subcommittee that consults with the administration, they do not violate any confidence, they do not violate any direction of the Congress if they do not bring in the numbers up to the ceiling.

I would say this, if you had been in on the confidential conferences or consultations we have had, you would find that it is Members of Congress, frankly, that are driving the numbers now, not the executive branch.

Mr. KEELY. Yes. I understand that very well.

Representative SCHEUER. Excuse me. Dan, I have to go because I can't sprint for that rollcall vote.

Representative LUNGREN. Oh, OK.

Representative SCHEUER. But you continue, and when you are finished, just bang the gavel.

Representative LUNGREN. OK, I will.

Representative SCHEUER. I want to thank all the witnesses for coming. You were wonderful.

Mr. KEELY. I understand exactly what you are saying. Yes, it is a ceiling. I understand that perfectly well.

I would say, however, that it seems a bit strange to me that the performance, although well within the intent of the law, there must be pretty bad estimations going on, and it seems to me that is something that ought to be looked into.

Is Congress happy with or the members who are involved in that consultation and the members generally, are they happy with the fact for 6 years now the numbers have been off?

Did Congress anticipate and were they happy with the fact—for example, as I mentioned in my testimony—that it seems that the Justice Department had decided that people in camps in Southeast Asia were no longer refugees and the State Department said, oh, yes, they are, and that had to be adjudicated, and apparently, yes, they are?

Is Congress happy with the fact that apparently the administration is making regulations about who will be given extended voluntary departure rather than Congress making that decision in the case of people from Communist nations as opposed to other nations?

It seems to me that the———

Representative LUNGREN. Well, the Congress can do that any time it wants by passing separate legislation with respect to EVD. I happen to be one of those who opposes that, but if in fact Congress feels that way all it has to do is act.

Let me just ask you this.

Mr. KEELY. But you are not acting in terms of what the administration is doing. The administration is taking the initiative on who is coming into this country, which is a congressional prerogative. That is my point.

Mr. NELSON. I would add for the record I would like to differ with Mr. Keely on that. I don't think he is accurate.

Representative LUNGREN. Well, let me just ask you this, Mr. Keely.

With respect to refugees or those who claim asylum, of course that is done on an individual basis. EVD is a request made by some Members of Congress to change what the system is.

Mr. KEELY. It is not always made on an individual basis, as you well know. I mean, there was an agreement about what is happening in the camps in Southeast Asia, and it was a policy decision that the—the Justice Department contention the officials there were being, if you will—if I may put it this way—too hard, that these were not just economic refugees, and apparently a decision was made, a policy decision. It was not made in each and every individual case. It was a policy decision.

Representative LUNGREN. But that is with respect to people coming to the United States who are not here illegally already. That is very different than the individual decisions made by people who claim asylum.

Mr. KEELY. No, but we are talking about refugees.

Representative Lungren. If people come under refugee status that has already been determined, yes, that is a decision that is made, and they do come into the United States as long as they meet the standard.

Mr. Keely. But at the same time we say that——

Representative Lungren. With respect to people who are here illegally, that is an individual decision that is made on a case-by-case basis if they fit the criteria.

But I just want to ask you this question. You compare the share of foreign born in many different countries and show that the United States is not the leader in that.

Have you ever done a comparison, or do you know whether the statistics are available—I really wonder if they are—about the proportion of illegal immigrants in different nations?

Mr. Keely. I don't know that they are available. I have not done that. But there are estimates by other countries about illegal aliens as well as people who are in the same situations we have who are trying to claim asylum also.

Representative Lungren. But I am talking about illegal immigrants and the numbers that we have coming over the border on a fairly regular basis.

Mr. Keely. Well, there are other countries that have illegal aliens coming over borders on a fairly regular basis, too. We talk to our counterparts and friends in France about illegal migration or talk to even——

Representative Lungren. Well, no, but let me talk about Canada. You gave Canada as a comparison in terms of foreign born. I don't think they have quite the same problem we do——

Mr. Keely. I also gave France, too.

Representative Lungren [continuing]. In terms of illegal aliens.

Mr. Keely. I really don't know what the Canadian estimates of their illegal alien population. I would suspect, obviously just given the location, that it is nowhere near as great, given the southern border to cross.

Representative Lungren. Sorry we don't have more time. I have to go run, sprint, or do something and try and get to the vote.

Thanks very much.

The subcommittee stands recessed.

[Whereupon, at 1:10 p.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, May 22, 1986.]

ECONOMIC AND DEMOGRAPHIC CONSEQUENCES OF IMMIGRATION

THURSDAY, MAY 22, 1986

Congress of the United States,
Subcommittee on Economic Resources,
Competitiveness, and Security Economics
of the Joint Economic Committee,
Washington, DC.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 2220, Rayburn House Office Building, Hon. James H. Scheuer (member of the subcommittee) presiding.

Present: Representatives Scheuer, Lungren, and Fiedler.

Also present: William Buechner and Chris Frenze, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, PRESIDING

Representative Scheuer. The Subcommittee on Economic Resources, Competitiveness, and Security Economics will come to order.

Today we are continuing the series of hearings on the overall question of how demographic change will impact our society and our Nation in the 21st century.

We all know that demographic change comes from three characteristics: from changes in fertility, changes in birth rates; from changes in mortality; and from movement of peoples.

I made a very heartrending speech yesterday about how internal migration has affected Members of Congress. I lost my seat in 1972 as a result of internal migration in our country. Under our Constitution, every 10 years we have a census and 2 years after that we have what is known as a reapportionment and we redistribute congressional seats according to population flows.

In the last couple of decades, as everybody knows, we have had a very pronounced movement of people from the Northeast and the Midwest to the South and Southwest and the West. This has resulted in a systematic, very evil flow of congressional seats to the South or Southwest and the West.

All of my life New York State has been the largest State in the Union, but that is changing. Now California is, and by the 1992 census New York State will be fourth. The States will then rank California, Texas, Florida, and New York. Woe be unto the New York Congressmen fighting over a diminishing pie of congressional seats. It's a very horrendous experience.

So you can see that the demographic change and the flows of population are very real and are very critical to us and to the American people.

We are now holding the second of 3 days of hearings on just this subject, population flows, but we are talking about international population flows. This is a set of hearings in which we are looking into the effects of immigration, both legal and illegal, on our society.

Today's hearing will focus especially on the economic effects of immigration on our society.

We have a very impressive roster of witnesses to appear before us.

During the protracted debate over illegal immigration over the last few years we have heard all kinds of conflicting opinions on whether the economic effect of illegal immigration is good, bad, or indifferent. Some folks have argued that illegal immigrants or undocumented aliens displace Americans. Others argue that the reverse is true, that by and large illegal immigrants fill jobs primarily which Americans are not willing to fill. There is even a school of thought that says that illegal aliens create whole industries here that could not survive if there were not sort of a subculture with below minimum wages, below minimum working conditions, and so forth, that do provide some employment to some Americans that would not be available were it not for illegal immigration.

Our witness yesterday, former Secretary of Labor Ray Marshall, told us, yes, that was true, but he thought that any industry that could not survive and pay minimum wages ought to be exported to South Asia, or wherever, that industries that could not pay minimum wages, and minimum hours, and minimum working conditions had no place on the American economic landscape.

The General Accounting Office recently released a report in April analyzing 46 studies of the impact of illegal immigration on the labor market, and they concluded that illegals probably are displacing American citizens and also permanent resident aliens who are here legally. Furthermore, the GAO concluded, in a somewhat ominous tone, that the possibility of widespread displacement of American workers is greater than formerly believed.

We have the pleasure of welcoming here this morning Mr. Beryl Sprinkel, the distinguished Chairman of the President's Council of Economic Advisers, who has appeared several times before the Joint Economic Committee and has always been a very thoughtful and very stimulating witness.

In the 1986 report of the CEA it was stated that immigrants, both legal and illegal, provide a net fiscal benefit to the Nation, often paying more in taxes than they use in public services. I hope Mr. Sprinkel will address this disparity between the conclusions made by the President's Council of Economic Advisers and the recent report by the General Accounting Office.

Of one thing there can be no dispute, and that is that the number of illegal immigrants is growing every month; the number of people crashing across our borders is growing at an exponential pace; and the Immigration and Naturalization Service estimates that approximately 2 million immigrants will enter our country illegally this year, 1986, although, of course, the number of net stay-ers, those who do not return, will be substantially smaller than that.

But however you slice it, illegal immigration is a problem that will have dramatic effects on our Nation for decades to come. Anybody who looks at the world scene, especially the countries south of our border, Mexico and Central America, will understand that the disparity in per capita income is going to grow, that they are not going to diminish, and that therefore the pull factors of U.S. jobs, unless they are turned off by employer sanctions, will have an irresistible appeal to the people of Mexico and Central and South America.

We very much look forward to the testimony of our entire bank of witnesses, particularly from our leadoff witness, a very distinguished witness, Mr. Beryl Sprinkel, Chairman of the President's Council of Economic Advisers.

I would now like to recognize my colleague, Dan Lungren of California.

OPENING STATEMENT OF REPRESENTATIVE LUNGREN

Representative Lungren. Thank you, Mr. Chairman.

First of all, I might say I understand your concern over internal immigration and its impact on the Congress. We have something in California, however, known as the Burton corollary, which means that California managed to get two additional seats after the census of 1980, following an unknown actor from California getting a job in Washington, DC. And even though we gained two seats in the State of California, we managed to lose six Republican seats. So Mr. Burton managed to work against the census data. I guess the message there is when you have the power you can use it no matter what the facts are.

I am glad to be able to participate in the hearing today because the topic is such an important one, but also because it is particularly important to folks in my part of the country, the Southwest.

As the ranking Republican on the Immigration, Refugee and International Law Subcommittee, I take a special interest in these hearings. My own involvement with the immigration issue has made it very clear to me that we do have a serious and growing problem with illegal immigration in this country. We continue to lose control of our borders; we continue to lose control specifically of our southern border; and it has come to the point where some people can make a living bringing illegal aliens across the border from Mexico, and that is the height of the ridiculous situation that we find ourselves in.

I was at another subcommittee hearing of the Judiciary Committee, the Subcommittee on Crime on the question of drug problems and crime on our southern border.

It is interesting that we have an array of people there in uniform: the Coast Guard and other military people who are working because of the law change we made in posse comitatus; the DEA, the Border Patrol, the FBI, and others, to try and solve the problems that are very much involved with illegal immigration.

I think it's a fact to say that no other country in the world has as great a problem with illegal immigration as the United States.

In some ways it is a tribute to the United States. You don't see people trying to pole-vault over the Berlin Wall to get into East Berlin, and I have yet to see the great boat lift to Havana. It is a suggestion that there is something great about this country, not just in economic terms, but in other terms. But the reality is also that we cannot accept everybody in the world who would like to be here, and there are people that are creating whole industries preying on those who are tr~~ying~~ to get here, the coyotes, as we call them back home.

We have established procedures for lawful immigration but through our inability to control our southern border we discriminate against those who try to immigrate through proper channels. I think that one of the most offended people in the world has to be a Mexican national staying in Mexico, trying to follow the regular law and waiting for the number to come by while neighbors come through his area, going into the United States and flaunting the law.

I have long been a supporter of immigration reform. I think our entire country is now waking up to the consequences of the current policy. I even had a Member of Congress from Ohio come to me recently and say, "You know, in my latest town hall meeting people were concerned about immigration. What are you folks going to do about an immigration law?"

We have seen immigration reform legislation before the House twice in recent years. We have seen it pass overwhelmingly in the Senate three times. We see a lack of due diligence, I believe, in the House of Representatives right now with respect to immigration reform.

I hope our expert witnesses today will arm us with the facts necessary to convince all the Members of the House of the consequences of further inaction.

I think that the administration has made its stance on the issue very clear. Opinion polls show that the public is in favor of reform. The facts tell us that we need it. I think that not only the economic issues but the social issues involved make today's hearing so very important.

I am particularly pleased that you have slotted Mr. Sprinkel to come here as our first witness to give us a factual background in which to make our decision, because I know he has much to offer on this issue. I just hope that this is informative not only to this subcommittee but to the Congress at large. I thank the chairman for conducting the hearing.

Representative **SCHEUER**. Thank you, Congressman Lungren.

Congresswoman Bobbi Fielder of California.

OPENING STATEMENT OF REPRESENTATIVE FIEDLER

Representative **FIEDLER**. Thank you very much, Mr. Chairman. I too am looking forward to hearing the testimony, so I will be brief. Having worked in a community for a very long time that was severely impacted by illegal immigration, I think I have a good sense of the scope of it, not only just from an economic but also from a human standpoint. I am increasingly coming to the conclusion that it is not only a problem for the American Government to resolve, but also one which the Mexican Government has to pitch in and try to help with. We are going to have to take a look at the possibility of providing some economic inducement, so to speak, to that Government, perhaps through our foreign aid package to them, to make certain that they understand that we mean business and that they know we cannot do it on our own.

With those brief comments, I look forward to hearing your statement and perhaps coming up with some additional ideas from it.

Representative SCHEUER. Thank you very much, Bobbi Fiedler.

Welcome, Mr. Sprinkel. We are delighted to have you here today.

Your full testimony, as prepared, will be printed in the record. So why don't you take 10 to 12 or 15 minutes to chat with us informally and then I am sure we will have some questions for you.

STATEMENT OF HON. BERYL W. SPRINKEL, CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

Mr. SPRINKEL. Thank you, sir.

Chairman Scheuer, Congressman Lungren, and Congresswoman Fiedler, I am delighted to be here.

As I am sure you know, the Joint Economic Committee of the Congress and the Council of Economic Advisers, two groups very close to my heart, were formed in accordance with provisions of the Employment Act of 1946. So we share not only a common origin in law, we also share common goals: the pursuit of national policies that promote employment, economic growth and stability, and maximum opportunity for all Americans.

My testimony today concerns the economic effects of immigration. Immigrants have, without question, contributed to the economic development of the United States and to our prosperity. The United States was largely populated and built by immigrants and their descendants, including you and me. U.S. immigration policy, however, has not in general been governed by economic goals. The primary goals of immigration policy are social, to encourage family unification, as well as humanitarian. The United States each year welcomes large numbers of refugees to its shores.

Political freedom, stability, and economic opportunity have attracted immigrants to the United States for over 200 years. Economic instability and poor prospects for advancement in many countries have encouraged emigration, while wars and political oppression have induced mass migration of persons in search of safety and political freedom.

The United States in its policies supports the growth of democracy and peaceful conditions in the world. We can also make a substantial contribution to resolving the economic problems of developing countries by fostering growth and economic opportunities for people outside the United States, and we are doing that with many of our policies.

The administration is committed to the support of an international economic environment that is favorable to economic growth. This means maintaining rapid and sustainable rates of growth and reasonable price stability in the industrial countries, but it also means supporting an international economic system that allows developing countries to generate jobs, to increase their standard of living, and to meet their external obligations. We are working to achieve these goals by maintaining an open policy toward international trade and finance and by pursuing policies that strengthen market incentives at home and in other countries.

Clearly, many more people want to migrate to the United States than are currently admitted for permanent residence. In response to concerns about the effects of current patterns of immigration, particularly illegal immigration, this administration from the start has supported and continues to support immigration reform legislation.

It is clearly a responsibility of Government to establish and maintain a framework of laws that all are required to obey. Every country has sovereign power over the admission of foreign nationals. Control over U.S. borders represents an exercise of our national sovereignty.

Immigration policy is not, and should not be, shaped by economic considerations alone. Along with its important political and social effects, however, immigration obviously does have important economic effects. Immigrants work, save, pay taxes, and use public services. There is concern that migrant inflows might reduce the job opportunities and wages of some groups of American workers. There is also concern that immigrants may increase the use of public services and therefore increase costs, including services they are not legally entitled to receive.

Last year I had the Council conduct a thorough study of the economic effects of immigration, which was published as a chapter in the 1986 Economic Report of the President. You will recall that I testified on February 6, 1986, before the Joint Economic Committee on the contents of the 1986 Economic Report. Other chapters of the Economic Report examined such diverse subjects as inflation, disinflation and the state of the macroeconomy; economic development, closely related to this subject; protectionism and international trade; income transfers to agriculture; reforming regulation; and the Federal role in credit markets.

The analysis for the immigration chapter found, first, that recent migrant inflows, including illegal aliens, have been low relative to the population, compared to the historic average. More that 500,000 immigrants were legally admitted in fiscal year 1984. This amounted to less than one-quarter of 1 percent of the population, about half the historical average.

Inflows of illegal immigrants cannot be measured with certainty. Consequently, you get different numbers. The analysis that we did, however, found that even if you include the estimated net flow of illegal settlers, some 100,000 to 300,000 annually, it does not raise the percentage to the historical average. The recently arrived foreign born are concentrated in a few States. More than half live in California, New York, and Texas.

Flows of immigrants to the United States are also low relative to domestic migration, which Chairman Scheuer was pointing out. This may partially account for the ease with which immigrants have entered U.S. labor markets. Between 1975 and 1980, approximately 20 million people migrated to a new State of residence in the United States. This compares with an overall inflow of 2.5 million immigrants over the same period.

I think these shifts certainly recognize the fact that our labor markets are quite flexible. They will move; they can adjust; and that is in great contrast, and in fact to our credit, compared especially to Western Europe were great inflexibility exists.

The analysis also found that immigrants have been readily absorbed into the labor market. Over the past several decades, the U.S. economy has generated tens of millions of new jobs as it accommodated into the labor force the baby-boom generation, increased numbers of female workers, and new immigrant workers.

Immigrants have not only done well for themselves, they have also contributed to increased output and increased aggregate income for the native-born population. Immigrants come to this country seeking opportunity and freedom—their personal investment and hard work provide economic benefits for themselves and for the country as a whole.

Our analysis found that immigration, at recently observed levels, has had positive economic effects. In some cases there are wage losses for groups who compete directly with immigrant labor, for example, in areas close to the Mexican border, but overall, and for most people, job opportunities, real wages, and economic welfare are increased.

Immigrants, overall, may also provide a net fiscal benefit to the United States, often paying more in taxes than they use in public services. Because of differences in their family characteristics and economic circumstances, immigrant groups may generate varying net fiscal effects, especially between State and local effects and Federal effects. Those who arrive without basic educational and job skills may face initial problems in the labor market, but the evidence shows that they are able to increase their earnings and reduce their dependency on public programs. Some studies of immigrants entering the United States before and during the 1970's, suggest that after 10 to 20 years, earnings of the foreign born equal and then exceed earnings of the native born.

Representative FIEDLER. Would you repeat that, please.

Mr. SPRINKEL. I said some studies of immigrants entering the United States before and during the 1970's, suggest that after 10 to 20 years, earnings of the foreign born equal and then exceed earnings of the native born. That is, they start out with less education, less training. Over time they acquire the training necessary, and their incentives are such that after 10 to 20 years their earnings equal and in many cases exceed those of the native born.

Representative SCHEUER. Do you find that there are differences in the success rate of differing groups coming into our country? Do you find that this statement is more true of some groups than it is of other groups?

Mr. SPRINKEL. I am not aware of precise differentiation by country origin. I assume that is what you are asking. Is that correct?

Representative SCHEUER. Yes. For example, take the Asian groups. I suggest to you that the first five places of the Westinghouse science winners this year were Asians.

Mr. SPRINKEL. We are surely talking about a very select group of Asians, and I am sure select groups of any natives would do well.

Representative FIEDLER. Actually that is not true. If you take a look at the national statistics on achievement, you will see that across the country historically the Asian group happens to have a very high achievement level and will traditionally be above the national average. Just because they are Asians, however, doesn't necessarily mean that those students who did achieve were necessarily born other places outside of the United States, since we do have a substantial Asian population here that are native born.

Mr. SPRINKEL. Right.

Although aliens who are eligible to hold jobs in the United States are legally distinct from those who are not, our analysis, and apparently other people's analyses, was unable to identify separate economic effects of illegal aliens. Illegal immigrants tend to be less educated and to work in jobs requiring lower skill levels, but the distinction between legal and illegal aliens is blurred by their tendency to settle in the same geographic areas. The economic distinction is also blurred by the fact that some legal resident aliens were undocumented at the beginning, but later acquired legal status. So there may be a difference, but we just cannot find it.

The chapter concluded that any economic gains provided by immigration to the United States do not justify the presence or employment of aliens on an illegal basis. Illegal aliens knowingly defy American laws while their presence establishes claims to constitutional protections. As a sovereign nation, the United States has plenary jurisdiction over its territories. We are subject to no international constraint on that score, legal or moral, that would force or obligate us to admit all would-be immigrants.

The Council of Economic Advisers' study of the economic effects of immigration is attached to this oral statement for the record, as is the bibliography of studies and materials that we used in the preparation of the report.

That is the end of my oral statement. I would be very pleased to try to respond to your questions.

Representative SCHEUER. Thank you very much for your testimony, Mr. Sprinkel.

[The attachments referred to for the record by Mr. Sprinkel follow:]

CHAPTER 7

The Economic Effects of Immigration

THE MOVEMENT OF PEOPLE BETWEEN COUNTRIES links national economies. Like international trade in goods, services, and financial claims, international migration connects domestic and international markets. The free flow of resources in response to market signals promotes efficiency and produces economic gains for both producers and consumers. The migration of labor, both domestically and internationally, represents such a flow of productive resources.

Most countries restrict the flow of international migrants. Emigration from a country is a basic human right established by the United Nations Universal Declaration of Human Rights, which states: "Everyone has the right to leave any country, including his own, and to return to his country." The right of immigration into a country, however, is not recognized in international law. Every country has sovereign power over the admission of foreign nationals, either as temporary visitors or as permanent residents. Many countries, most notably the U.S.S.R., restrict emigration as well as immigration.

The United States has a long tradition of assimilating diverse groups into the economic and political life of the Nation. Citizenship has been a traditional consequence of immigration to the United States, and persons born here are automatically citizens regardless of parentage. In many other countries, citizenship is based on lineage, not on birth in the country.

This Nation was largely populated and built by immigrants and their descendents. It remains one of the few major immigrant-receiving countries of the world, symbolizing personal freedom and economic opportunity. For more than 200 years, the U.S. economy has been strong, creating many millions of jobs at growing real income levels. For more than a century, per capita income has been many times higher than the level for most of the world's population. This strength and stability have attracted inflows of foreign capital and immigration.

Economic instability and poor prospects for advancement in many countries have encouraged emigration, while wars and political oppression have induced mass migration of persons in search of safety and political freedom. International migration has also been made easier by falling transportation costs and better information. Air transportation has significantly reduced travel times, and today's migrants can more easily maintain ties with friends and relatives in their home countries through modern communications.

An individual's decision to migrate, either within a country or across international borders, depends on whether the expected gains outweigh the expected costs. As with most investments, migration has initial costs while its gains are realized over time. An individual's moving costs are personal as well as financial, especially for an international move.

Many migrants leave behind a known way of life, friends, and relatives, and they face a period of adjustment in their new country. The gains from migration are also personal as well as economic. In the case of a move to the United States, for example, gains may include greater freedom as well as the expectation of higher income. The economic success achieved by migrants depends on their ambition and entrepreneurial ability, on the skills and capital they bring with them, and on the skills they develop in the United States. Migrants are self-selected based on their ability and motivation to succeed in their new country.

National concern has arisen about the effects of international migration, especially illegal migration, on the United States. Immigration policy and the ability to control the country's borders have serious implications for the definition of national sovereignty. Although many illegal aliens are productive members of society who have established strong community ties, their presence violates U.S. law. Concerns exist as well regarding the social, political, and environmental consequences of immigration.

Immigration policy is not shaped by economic considerations alone, but immigration has important economic effects. Immigrants work, save, pay taxes, and consume public services. At the same time, there is concern that an influx of migrants might reduce job opportunities for some groups of native-born workers and reduce wages. Many are concerned that immigrants may increase the use of public services, including services they are not legally entitled to receive. Examination of these economic issues is a necessary part of the broader analysis of immigration policy. Although economic analysis helps illuminate some of the consequences of immigration, it does not address the fundamental importance of enforcing the law, nor does it suggest that illegal immigration is condoned.

MIGRATION TO THE UNITED STATES

From colonial times until the last quarter of the 19th century, the United States was open to immigrants from all over the world. The first restrictions on immigration were qualitative, barring convicts and prostitutes. Restrictions on immigration by nationality began in 1882 with the exclusion of the Chinese. Numerical restrictions were first instituted in 1921. These applied to immigration from the Eastern Hemisphere and were based on the composition by national origin of the U.S. population. Numerical restrictions on immigration from countries in the Western Hemisphere were first enacted in 1965.

The 1965 amendments to the Immigration and Nationality Act of 1952, which remain substantially unchanged, abolished the national origin system and set an annual ceiling on immigration to the United States. The worldwide annual ceiling for numerically restricted immigrants is now 270,000, with uniform per-country ceilings of 20,000. The amendments also established a preference system that emphasizes family reunification and, secondarily, employment considerations. The immediate relatives of U.S. citizens are, however, exempt from these provisions and ceilings, as are refugees and persons seeking political asylum.

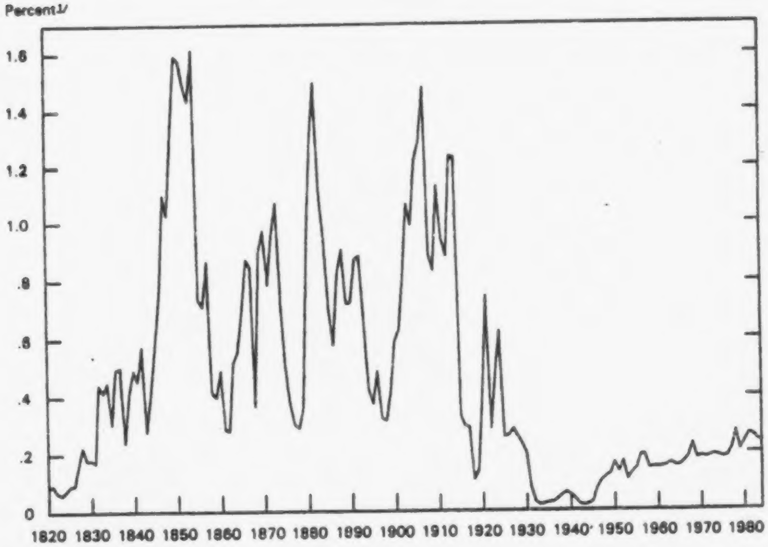
The 1965 amendments permitted a shift of immigration from Europe to Asia. Prior to the 1960s, the majority of immigrants were European. European immigration first fell below 50 percent of the total in the 1960s, and it has continued to fall to just over 10 percent in the early 1980s. Asians represent an increasing share of total immigration, rising from 13 percent in the 1960s to about 50 percent in the 1980s. Asian immigration also increased because of the admission of Indo-Chinese refugees, beginning in the 1970s. The proportion of legal immigrants from Mexico has been stable at 10 to 15 percent for the past 35 years.

In recent years, legal immigration flows have been about 550,000 per year. These levels are significantly lower than they were early in the 20th century. Chart 7-1 shows immigration to the United States as a percent of the total U.S. population. Legal flows in recent years have been less than one-quarter of 1 percent of the population annually, about half the historical average. Including the estimated flow of illegal settlers does not raise this percentage to the historical average.

Flows of immigrants to the United States are also low relative to domestic migration. Between 1975 and 1980, approximately 20 million people migrated to a new State of residence in the United States. This compares with an overall inflow of 2.5 million immigrants over the same period.

Chart 7-1

Legal Immigration as Percent of Population, 1820-1984



1/ Legal immigration for fiscal year as percent of July 1 resident population (including Alaska and Hawaii beginning 1940).
Sources: Department of Commerce and Department of Justice.

TABLE 7-1.—*Alien entrants to the United States, fiscal 1984*

Category	Number of persons
IMMIGRANTS	
Numerically restricted	262,000
Numerically unrestricted	190,000
Refugees and asylees adjusting to immigrant status	92,000
Total	544,000
Estimated return migration	133,000
Estimated net inflow	411,000
NONIMMIGRANTS	
Visitors for pleasure	6,595,000
Visitors for business	1,623,000
Temporary workers	69,000
Other[1]	1,140,000
Total	9,427,000
ESTIMATED DEPORTABLE ALIENS	
Settlers (net inflow)	100,000 to 300,000
Temporary migrants (average stock)	Less than 1,000,000

[1] These include but are not limited to foreign government officials, students, treaty traders and investors, and employees of multinational corporations.

Note.—Data are from U.S. Government administrative records, except for return migrants and deportable aliens.

Sources: Department of Commerce (Bureau of the Census) and Department of Justice (Immigration and Naturalization Service).

The total foreign-born population in the United States in 1980 was 14.1 million. This represents 6.2 percent of the total U.S. population, which is also low by historical standards. This percentage fell steadily after 1910, but increased in the 1970s. Between 1970 and 1980, the foreign-born proportion of the population grew from 4.8 to 6.2 percent. Much of this increase can be attributed to low U.S. birth rates and to an increasing flow of immigrants over the period. Even with this recent increase, however, the foreign-born proportion of the population in 1980 was less than half of what it was in 1910.

ALIENS ENTERING THE UNITED STATES

Aliens legally admitted to the United States can be classified into two broad categories -- immigrants and nonimmigrants. Immigrants are admitted to the United States for permanent residence and are eligible to become U.S. citizens. Nonimmigrants are admitted for a temporary stay and for a specific purpose.

Immigrant admissions fall into three classes -- numerically restricted, numerically unrestricted (mainly immediate relatives of U.S. citizens), and refugees and asylees. Nonimmigrants are composed for the most part of visitors who come to the United States for pleasure or business. They include temporary workers and students. Although nonimmigrants are admitted for a temporary stay, many of them, such as investors and students, remain here for a number of years. In addition, many aliens are in the United States illegally. Aliens may shift from one category to another during their time in this country. For example, visitors may apply to remain here permanently and undocumented settlers may attain legal resident status.

Table 7-1 shows the number of alien entrants to the United States in fiscal 1984. The figures vary in precision. Inflows of immigrants and nonimmigrants are based on administrative records and are reasonably accurate. Figures for deportable aliens and return migrants are far less reliable.

Immigrants and Refugees

A preference system controls the admission of numerically restricted immigrants. Preferential status is based on either a family relationship or a prospective job. A prospective immigrant must also prove that he is not likely to become a public charge. About 80 percent of numerically restricted immigrants are admitted under family preferences; the rest receive preference on the basis of occupation. In 1984, 262,000 immigrants entered the United States under this preference system.

Numerically unrestricted immigrants include alien spouses, minor children, and parents of adult citizens. In 1984 these immediate family members and a small number of numerically unlimited "special immigrants" totaled 190,000.

A separate system determines the admission of refugees. Under the Refugee Act of 1980, the President, in consultation with the Congress, annually determines the number and regional allocation of refugee admissions. Political asylum may also be granted to individuals who are in the United States and are able to prove to the Immigration and Naturalization Service (INS) and the Department of State that they are in danger of persecution on return to their home country. Refugees and asylees may adjust to permanent resident alien status after a year. In fiscal 1984, 79,000 refugees and asylees were admitted and 92,000 adjusted to immigrant status. By comparison, there are an estimated 10 million refugees worldwide.

Return migration is estimated by the Bureau of the Census to be about 133,000 per year, yielding a net inflow of legal immigrants and refugees in 1984 of about 411,000.

Nonimmigrants

Of the nearly 10 million nonimmigrants admitted to the United States in 1984, most were visitors for pleasure (6.6 million) or business (1.6 million). The 69,000 admitted for employment included temporary seasonal workers, trainees, or temporary workers of distinguished merit and ability such as scholars and musicians. More than a million others were in diverse categories such as foreign government officials and students.

Deportable Aliens

Millions of aliens cross the U.S. border every year; a small fraction stay legally, and fewer still stay illegally. The flow of undocumented migrants has been difficult to measure. Undocumented aliens, almost by definition, are not identified by any administrative system. The Bureau of the Census estimates that in recent years the net annual increase of undocumented settlers has ranged from 100,000 to 300,000. Thus, as many as 40 percent of all aliens who annually settle in the United States may be here illegally.

Many people believe that illegal crossing of the U.S.-Mexican border is the most common method of entry for deportable aliens. Ninety-four percent of apprehensions of illegal aliens are made at the border. Available information, however, shows that only about half of resident deportable aliens entered the country illegally. The other half of those illegally present in the United States are violating the terms of their nonimmigrant visas by overstaying or working. Because the annual flow of legal nonimmigrants is so large†almost 10 million -- even a small proportion of overstayers can amount to a large absolute number who remain in the country illegally.

The Bureau of the Census estimates that the total number of illegal aliens in the United States in 1985 was 4 million to 6 million. Estimates are made separately for settlers and temporary migrants. The Bureau of the Census estimate for settlers is based primarily on its finding that it counted approximately 2.1 million undocumented aliens in the 1980 census. This estimate is derived by subtracting the estimated legal foreign-born population from the 1980 census count of the total foreign-born population. Other demographic evidence is used to take into account those undocumented aliens not counted in the census, yielding a range of 2.5 million to 3.5 million undocumented settlers in 1980. Comparing data from a 1983 Current Population Survey with the Decennial Census shows a net increase of 100,000 to 300,000 per year in the number of undocumented settlers. Assuming the same annual growth between 1980 and 1985 yields an increase in the undocumented alien population of 500,000 to 1 500,000 for the 5-year period. This increase, added to the estimate for 1980, results in an estimated range of 3 million to 5 million undocumented settlers in 1985.

The number of illegal temporary migrants is unknown, but demographers at both the Bureau of the Census and the INS believe that their average population is probably less than 1 million. Temporary migrants may work in the United States for years, months, or every day on a commuter basis.

Unsubstantiated estimates of the illegal alien population have ranged from 2 million to 15 million people. Some of these estimates reflect the number of illegal aliens apprehended by the INS, which increased sharply over the 1970s and reached 1.3 million in fiscal 1985. Apprehensions, however, are not an accurate basis for estimating the size or the growth of the illegal population. Apprehensions count incidents and not individuals. According to INS statistics, about 30 percent of those apprehended admit to at least one previous apprehension. Because the INS focuses its enforcement operations at the border, these counts underrepresent illegal aliens who have violated nonimmigrant visas. In addition, apprehensions reflect the effectiveness of enforcement as well as the volume of attempted illegal entries.

CHARACTERISTICS OF THE FOREIGN-BORN

The foreign-born population enumerated in the Decennial Census includes naturalized U.S. citizens as well as aliens, some of whom live here illegally.

Census data show that newly arrived foreign-born residents are younger on average than native-born Americans. The median age of those who entered the country between 1970 and 1980 was 26.8 in 1980, compared with 30.0 for the population as a whole. The newly arrived foreign-born are predominantly of working age. Seventy-seven percent of those arriving in the United States between 1970 and 1980 were 15 to 64 years of age in 1980, compared with 66 percent of the entire population. The Bureau of the Census estimates that illegal aliens are younger, on average, than legal immigrants.

The 1980 census shows that about half of the foreign-born who entered the United States between 1970 and 1980 were female. The proportion of females among illegal aliens, however, is estimated to be lower.

The recently arrived foreign-born have larger families than the native-born. On the average, there were 3.8 persons in families of those who came in the 1970s compared with 3.3 persons in native-born families. In addition, the proportion of the foreign-born more than 15 years of age who are married is higher than that of the native-born, and the proportion who are divorced is lower.

The distribution of educational achievement is much broader for the recently arrived foreign-born than for the native-born. A significant fraction has little education. Among those 25 years of age and older who entered the United States between 1970 and 1980, 13 percent completed fewer than 5 years of school as compared with 3 percent of the native-born. In contrast, 22 percent of the recent arrivals completed four or more years of college compared with 16 percent of the native-born.

Although U.S. immigration policy is based primarily on the humanitarian principles of family reunification and refugee resettlement, most of the foreign-born, including illegal aliens, enter the labor force. The employment-to-population ratio of recent arrivals is higher than that of the native-born. A higher proportion of the foreign-born work in blue-collar and service jobs: 39 percent of recent arrivals had blue-collar jobs compared with 32 percent for all U.S. employed persons; 18 percent held service jobs compared with 13 percent of the U.S. total. The incomes of those who entered the United States between 1970 and 1980 are lower on average than incomes of the native-born, but incomes of those who arrived before 1970 are similar.

The recently arrived foreign-born are concentrated in a few States. More than half live in California, New York, and Texas. Ten States accounted for 80 percent of total immigrants, and no other States had more than 2 percent of the total. The vast majority of the foreign-born live in metropolitan areas; one in five of the recently arrived foreign-born live in the

Los Angeles area. Illegal alien residents tend to settle in the same areas as legal aliens, but they are even more geographically concentrated. According to estimates based on the 1980 census and INS data, 70 percent of illegal aliens were living in California, New York, and Texas, compared with 53 percent of legal alien residents.

EFFECTS OF IMMIGRATION ON OUTPUT AND INCOME

Market principles suggest that immigration in a competitive economy increases output and improves productivity. An increase in the supply of immigrant workers increases the output and earnings of other factors of production in the receiving country. Immigration provides increased returns to a wide range of inputs†capital, land, and workers with skills different from those of the immigrants. Inputs to production can become more effective as they acquire greater quantities of labor with which to work. This concept may be illustrated by several examples. A bulldozer on a road construction project is more productive if there are workers to keep it running for multiple shifts, repair it, and redirect traffic away from the construction site. A scientist is more productive if there are assistants to wash the test tubes and type manuscripts. A worker with family responsibilities is more productive if there are others in the household to help with child care and home maintenance. Increased economic returns that result from immigration may also lead to an increase in investment, producing an additional source of growth in output.

Although immigrant workers increase output, their addition to the supply of labor may change the distribution of income. Whenever the supply of labor increases, either because of immigration or increased labor force participation of native-born workers, wage rates in the immediately affected market are bid down. Although total employment in that market will rise, some of those who were initially employed at the higher pre-immigration wage rate may not accept work at the lower wage. Thus, native-born workers who compete with immigrants for jobs may experience reduced earnings or reduced employment.

Those who are concerned about job displacement caused by immigration often focus only on this initial effect. Job opportunities in labor markets where immigrant labor is complementary with native-born labor, however, are likely to rise. This increase in labor demand will raise wage rates and increase the employment of native-born workers↑including those who may have been displaced from employment elsewhere. Demand for labor will also increase because the availability of immigrant workers encourages investment in industries that might not have been competitive otherwise. Moreover, the increased demand for goods and services that results from the consumer purchases of immigrants also tends to increase domestic employment. The aggregate effect of immigration depends on the responsiveness of workers and employers to changing labor market conditions and on the presence of market rigidities, such as the minimum wage, that may impede normal adjustment. As a general rule, increases in output, brought about by a greater abundance of labor and increased returns to other factors of production, outweigh reductions that may occur in the wages of workers who compete with immigrants. Consequently, the net effect of an increase in labor supply due to immigration is to increase the aggregate income of the native-born population.

The economic benefits of immigration are spread throughout the economy. These include increased job opportunities and higher wages for some workers as well as the widely diffused benefits of lower product prices and higher profits. Many people share in the higher returns on capital because capital ownership is widespread through personal and pension holdings. One in four Americans holds stock directly in U.S. firms. In addition, wage and salary workers own a considerable portion of productive capital, mainly through assets in pension funds. In contrast, job losses or wage reductions that may occur as a result of immigration are likely to be more visible than the economic gains. Such losses are likely to be concentrated among groups who compete directly with immigrant labor.

Some have suggested that labor market displacement may be widespread: In 1980, 6.5 million foreign-born residents held jobs, while a total of 7.6 million workers were unemployed. This view implicitly assumes that the number of jobs is fixed and that if immigrants find employment, fewer jobs will be available for the native-born.

Arguments supporting the restriction of immigration to protect American jobs are similar to those favoring protectionism in international trade, which is discussed in Chapter 3. Restrictions on immigration, however, like restrictions on trade, are costly. Limiting the entry of immigrant labor may increase the demand for some groups of native-born workers, but it will impose costs on consumers, investors, and other workers.

EVIDENCE ON LABOR MARKET EFFECTS

Studies have examined the effects of immigration on the employment levels and wage rates of the native-born. It is difficult, however, to isolate the effects of immigration from other factors that simultaneously influence job opportunities. These factors include characteristics of the immigrants themselves as well as industrial and other underlying characteristics of the labor market. A number of studies have attempted to identify these factors.

Some observers have pointed to immigrants who are employed in narrowly defined occupations and geographic areas as prima facie evidence that immigrant jobholders displace native-born workers. They cite the growth of ethnic enclaves in several industries, including agriculture, as evidence of possible displacement. It has been observed, for example, that the language of the workplace changes with the concentration of immigrants and that English-speaking workers may consequently be excluded from jobs.

Studies that focus on specific low-skilled occupations or on small segments of the labor market, however, are likely to overstate displacement effects by ignoring job and occupational mobility. Native-born Americans who hold jobs in one sector may move into other lines of work. This appears to be confirmed by more systematic studies of the labor market effects of immigration. Studies that take a broad view of the labor market have found no significant evidence of unemployment among native-born workers attributable to immigration. Any direct effects of immigration on domestic employment have either been too small to measure or have been quickly dissipated with job mobility. Although existing studies may not be conclusive, the evidence currently available does not suggest that native-born American workers experience significant labor market difficulties in areas that have attracted immigrants. Several studies, moreover, have shown that the presence of immigrants in labor markets is associated with increased job opportunities overall, including job opportunities for native-born minority groups.

Some studies of the effects of immigration on wage levels have revealed evidence of adverse wage effects. For example, one study concluded that real wages were 8 to 10 percent lower on average in cities near the Mexican border. Several studies found a reduction in the wages of unskilled workers in areas with high concentrations of unskilled immigrant workers.

Other studies, however, have shown that greater concentrations of aliens in labor markets are associated with higher earnings of native-born workers. Increased wages have been found both for broad groups of workers and also for native-born minority groups with whom immigrants might compete directly for jobs.

The experience of the Los Angeles labor market in adjusting to a growing concentration of unskilled immigrant labor is instructive. One study estimated that more than a million foreign-born persons settled in Los Angeles County between 1970 and 1983. During the early 1980s the foreign-born in Los Angeles County represented close to a third of the total population. Job growth in the area was strong, and the new immigrants were quickly absorbed into the labor market. New immigrant workers accounted for some 70 percent of the net growth in employment in the 1970s. Job gains by native-born workers were predominantly in white-collar occupations, which expanded rapidly. Job growth among immigrants was concentrated mainly in unskilled jobs. Wage growth was lower than the national average for workers in manufacturing, particularly unskilled manufacturing jobs. In jobs outside manufacturing, however, including jobs in services and retail trade, wage growth was higher than the national average. This study also showed that the unemployment rate in Los Angeles, which had exceeded the national average in 1970, fell below the average by the early 1980s. These results were not, of course, the consequence of international migration alone, but they suggest a smooth labor market adjustment to the inflow of migrants.

Legal and Illegal Aliens

Although aliens who are eligible to hold jobs in the United States are clearly distinct from those who are not, researchers have not been able to isolate separate economic effects of illegal alien workers. Demographic differences between legal and illegal aliens may affect their patterns of labor market activity, but those differences appear to be small. Illegal aliens have a higher proportion of males than legal aliens, are younger, and are less likely to bring family members with them. Illegal migrants are likely to remain in the United States for shorter periods of time than legal migrants. Illegal migrants also tend to have lower levels of education and to work in jobs requiring lower skill levels. Illegal aliens may have less incentive to invest in schooling or other activities that are specifically useful in the U.S. labor market.

Legal and illegal aliens tend to settle in the same geographic areas, making it difficult to distinguish their separate labor market effects. Also, deportation risk notwithstanding, many illegal aliens have been living in the United States for a long time; it is estimated that a quarter have been U.S. residents for more than 10 years. The economic distinction between legal and illegal aliens is further blurred by the fact that many legal resident aliens were undocumented when they initially entered the United States, but later acquired legal status.

Labor Market Absorption of the Foreign-Born

Migrants have initial disadvantages in the labor market because many do not speak English, lack familiarity with national customs and institutions, and are not educated and trained for jobs in the United States. As they invest in education and develop skills, their labor market experiences and earnings can be expected to resemble those of the native-born.

Although the labor market success of immigrant groups depends on their skills and other characteristics, the evidence suggests that immigrant workers have been readily absorbed into the labor market. One dimension of the labor market adjustment of immigrants is their employment over the year. It has been estimated that on average the foreign-born catch up with the native-born in weeks worked in about 5 years; after 5 years there is no observed difference.

Census and other data show that, although the foreign-born initially earn less than the native-born, like the native-born their earnings rise with increased schooling and with U.S. labor market experience. Some results suggest that after 10 to 20 years, the earnings of foreign-born males equal and then exceed the earnings of native-born males with similar characteristics. This implies that the disadvantages of foreign origin diminish, while the favorable effects of self-selection and motivation remain. Apparently migrants work hard to capture the benefits of their investment in coming to the United States.

Many immigrants are entrepreneurs. One study found that foreign-born males are significantly more likely to be self-employed than native-born males with similar skills. Self-employed workers, both foreign- and native-born, had higher annual incomes than salaried workers. Returns on capital owned by self-employed workers may partially explain these differences in incomes. Self-employment also provides greater potential for high work effort. The self-employed work more hours per week than do wage-and-salary workers.

Refugees may not adjust to the U.S. labor market as rapidly as other migrants. Because economic factors are not the primary determinants of their migration, refugees are likely to have fewer of the characteristics associated with high labor market performance. Some refugees, however, may bring substantial amounts of physical as well as human capital. Also, because refugees may not be able to return to their country of origin, they may have greater incentives than other immigrants to adapt rapidly to the U.S. labor market. Limited evidence, based on the experience of Cuban refugees in the early 1960s, suggests that the earnings of political refugees approach, but do not overtake, those of comparable native-born workers.

The children of the foreign-born have better-than-average success in the labor market. Earnings of children of the foreign-born are about 5 percent higher than earnings of children of native-born parents with similar characteristics. Any disadvantages to the second generation that may arise from being raised in a home less familiar with the language and customs of the United States are apparently outweighed by the advantages of having parents who are foreign-born. One study of the children of foreign-born parents found that they have higher investments in schooling than do children of comparable native-born Americans, and also better reported health status.

One study of illegal aliens found that their labor market adjustment patterns were similar to those for legal immigrants. Earnings rose with years of schooling and labor market experience in the country of origin, but especially with U.S. labor market experience.

A recent study of apprehended illegal aliens in Chicago showed that they use market opportunities to improve their economic status. The subjects of the study were able to benefit from a competitive labor market, with opportunities for skill improvement and upward job mobility. These illegal aliens were apparently able to work their way up from entry-level jobs. Only 16 percent of those in the Chicago study had wage rates below the Federal minimum of $3.35 per hour, and some of these were in sectors not covered by the minimum wage. The average hourly wage of these illegal aliens at the time of their apprehension, in 1983, was $4.50. The INS reports that in fiscal 1985, 14 percent of apprehended illegal aliens who had jobs received wages below the Federal minimum.

One reason for the successful absorption of immigrants into the U.S. labor market is that overall migrant inflows have been low relative to the size of the population, to labor force growth, and to domestic migration. International migrant flows, moreover, historically respond to labor market demands. Before legal restrictions were imposed, immigration increased when the demand for labor was relatively high and decreased when labor demand was relatively low. During the Great Depression, for instance, immigration to the United States dropped sharply and return migration increased. In recent years, numerical restrictions have resulted in queues of potential immigrants waiting for visas and, as a result, have limited the response of legal migration inflows to U.S. labor market conditions. Illegal migrant flows may be more responsive to economic conditions, but are not precisely measurable on an annual basis. Still, migrant flows appear to respond to labor market demands.

Perhaps most important for the absorption of immigrant labor is the strength and flexibility of the U.S. labor market. Workers and employers are generally free to respond to market signals, and to negotiate wages and other terms of employment either directly or through the collective bargaining process. The absence of significant barriers to change and growth has enabled the U.S. labor market to adjust easily to immigrant flows, as well as to other changes in the labor force and the economy.

Over the past several decades, the United States has generated tens of millions of new jobs as it accommodated a substantial influx of new workers. The vast majority of that influx stemmed from the baby-boom generation reaching working age, coupled with sharply increased labor force participation by women. Roughly 33 million more people were employed in 1980 than in 1960, an increase of about 50 percent. Over the same period, 2 million more foreign-born were employed, or 6 percent of the total increase in U.S. employment. Even allowing for an increased number of employed illegal aliens over the period, however, these figures suggest that immigration has been a relatively small factor in long-term employment growth and in the adjustment of the economy to changing conditions.

IMMIGRATION AND TRADE

The countries of the world are economically linked by the exchange of people, goods, and capital. Both parties gain from trade and, in the absence of restrictions, exchange will continue until potential benefits are exhausted. The movement of labor across borders can be a partial substitute for the movement of goods and capital. When international trade in goods or capital flows is hindered, pressures are heightened for people to migrate instead.

Countries that are relatively well-endowed with natural resources but thinly populated will tend to export products that have a relatively high natural resource content but relatively low labor content. Such countries will tend to import products that require relatively greater inputs of labor. Developing countries, similarly, would have a comparative advantage in producing and exporting products that embody relatively high proportions of low-skilled labor and less capital than would be the case for U.S. production and exports.

Restrictions on trade between developing countries and the United States provide powerful incentives for the migration of low-skilled workers into the United States. The presence of these additional workers in the United States enables domestic business enterprises to produce goods profitably that would not otherwise have been produced here. In the absence of trade restrictions, such goods might have been imported. In the presence of both trade restrictions and effective restrictions on immigration, however, such goods may be available to American consumers only at higher prices.

The production of certain fresh fruits and vegetables in the United States is a frequently cited example of an industry that draws heavily on low-skilled alien labor. Many alien workers are seasonally employed to pick perishable crops. About 15,000 to 20,000 are legally admitted each year, subject to Department of Labor certification. This certification is contingent on a job offer and on a labor market test. Certification is granted if it is determined that qualified workers are not available in the United States and that the wages and working conditions of the job will not adversely affect similarly employed U.S. workers. The largest alien work force in agriculture, however, appears to consist of undocumented workers who come primarily from countries in the Western Hemisphere. The inflow of low-skilled alien workers to pick

U.S. crops has a long history. The bracero program allowed U.S. employers to recruit large numbers of temporary workers from Mexico. The bracero program was begun during World War II to alleviate the labor shortage when rural workers left the farms for the higher wages of urban factory jobs. In its peak years, during the late 1950s, more than 400,000 such short-term work permits were issued annually. The program was terminated officially in 1964, but many migrant workers from Mexico still come to the United States without legal sanction.

Although many aliens work on farms illegally, the availability of such workers may enable U.S. production of certain fruit and vegetable crops to remain competitive with that of other nations. The argument is sometimes made, however, that alien labor benefits agricultural producers only in the short run, and that it delays shifts toward mechanization that are necessary to maintain long-run competitiveness with foreign producers. Although restricting the supply of alien farm labor would encourage the substitution of machinery for human labor, it would increase the costs of farm production. Capital-intensive production methods are not inherently more cost-effective than labor-intensive methods. Steps that would induce scarcity by reducing the supply of labor to an industry raise costs and prices and reduce output and growth. A policy of restricting international migration to improve the long-run competitiveness of the United States would have the opposite effect.

FISCAL EFFECTS OF IMMIGRATION

A major concern regarding immigration is the use of public services such as education and low-income assistance by aliens. If international migrants use services that cost more than the taxes they pay, they are a fiscal burden on native-born Americans. If their tax payments exceed the cost of services, however, immigrants are a net fiscal gain for the country. Both the tax payments and the services used are spread over the years after an immigrant first arrives in the United States. Consequently, any assessment of the fiscal effects of immigration must consider whether the present value of tax payments exceeds that of service costs, measured over the years the immigrant is in the United States.

As with native-born Americans, an immigrant's use of public services and the ability to pay for those services through taxation depend on personal and family characteristics and, crucially, on success in the labor market. People in their twenties and thirties and in good health -- both the nativeborn and immigrants -- are more likely to be working and paying taxes, and less likely to be dependent on government assistance, than are children, the elderly, or the disabled. Immigrants are typically adults arriving near the start of their working lives. Thus, immigrants, on average, are better able to support themselves through work than is the native-born population, which has a higher proportion of dependents.

A great deal of variation can be observed in the labor market success and consequently the fiscal burden of immigrant groups. As immigrants adjust to their new environment and as their families grow, their demand for public education and other services -- and their ability to pay for those services -- increases. As with the native-born population, when immigrants age and their children mature, their reliance on government retirement benefits grows but is offset by the entry of their children into the labor market.

PUBLIC SERVICES USED

International migrants, like the native-born, may use three major types of public programs: low-income assistance, social insurance, and education and health. These programs provide benefits directly to recipients. Other public services, such as fire and police protection, that provide general benefit to the community may also have greater demands placed on them by the presence of greater numbers of people. In addition, the presence of immigrants in the United States entails a more intensive use of the country's publicly financed infrastructure -- its transportation system, recreational areas, and other facilities.

Eligibility for Services

Legal immigrants to the United States are eligible for most benefits available to citizens. Aliens admitted temporarily and illegal aliens are in many cases ineligible for such benefits.

The major low-income assistance programs funded by the Federal Government, usually in conjunction with State funding, generally restrict eligibility to aliens who permanently and lawfully reside in the United States. These include aid to families of dependent children, food stamps, medicaid, supplemental security income, and housing assistance. What constitutes sufficient legal standing for benefits varies with each program; regulations list specific conditions under which aliens may participate. Some recent court rulings require that benefits under supplementary security income and other programs be made available to certain aliens who may be in the United States illegally.

Eligibility for benefits under social security and medicare depends on worker and employer contributions to the programs, and not on immigration status. Social security recipients may reside outside the United States, although nonresidents receive less than 1 percent of total benefits. Unemployment compensation is generally restricted to lawful permanent residents of the United States who qualify through their previous work experience.

Local public health facilities normally serve patients without regard to their immigration status; elective treatment in public health facilities is usually limited to persons who are able to pay for services. Public education at the elementary and secondary levels is also available to all residents regardless of immigration status. Legal precedent was established in 1982 by the Supreme Court, which held that

Texas could not deny free public education to undocumented alien children. Even prior to this decision, however, most States did not check the legal status of school children or their parents. Moreover, many children of illegal aliens are born in the United States and consequently are citizens eligible for education services without qualification.

Financial aid for higher education and training programs under the Job Training Partnership Act are largely restricted to lawful permanent residents and refugees. The Federal Government funds bilingual education programs that are of use to immigrants, and it also funds a refugee assistance program.

Benefits Received

Little is known about the use of government services by immigrants. Most available studies examine disparate immigrant groups in various time periods, often focusing on immigrants living in particular locations in the country. The evidence that exists, however, suggests that immigrants are not heavy users of public services. Illegal residents are less likely to avail themselves of government programs than are legal immigrants, but the determining factor in service use is not immigration status. The major reasons why illegal residents may receive lower benefits than others is that they are younger and have fewer dependents, which reduces their eligibility for programs.

A recent study shows that some groups of immigrants, such as Asians and Hispanics, have higher participation rates in welfare programs than do their ethnic counterparts born in the United States. Other groups of immigrants, however, use welfare less than the native-born. For Asian immigrants, higher participation is due partly to the relocation assistance offered to political refugees from Southeast Asia in the 1970s. Immigrant groups other than Asians rely on public assistance less than do the native-born with similar incomes.

A study of Mexican migrants in Los Angeles focuses on State and local public services. This study, which includes both legal and illegal residents, finds that these families have more children and thus place greater demands on public schools and health facilities than does the average family. The Mexican immigrant households in this study do not appear to make disproportionate use of other services.

Direct evidence on public service use by deportable aliens is sketchy. Deportable aliens are generally ineligible for Federal and many local benefit programs, but the extent to which they are actually screened out is unknown. The INS is developing a project called SAVE (Systematic Alien Verification for Entitlements), which gives State and local government agencies access to an automated data system to verify the eligibility of alien applicants for selected programs. The INS also provides data on immigration status to many programs and areas through other channels.

Systematic screening is most cost-effective in areas where the concentration of illegal aliens is high. California has one of the oldest alien verification programs in the country, having routinely screened alien applicants for social services for about 10 years. In 1984, almost 30,000 persons or 3 percent of all applicants were denied welfare benefits in Los Angeles because of immigration status. The figure understates the full impact of this program, however, because it excludes ineligible aliens who were deterred from applying by the knowledge that their immigrant status would be checked.

Several studies suggest that illegal aliens use below-average amounts of welfare and other social services. This may be due not only to their demographic characteristics, but also to a fear of detection by authorities and to heightened efforts by some government agencies to limit access to those eligible. In addition, extended family networks may provide a partial means of support in emergencies. It is likely that illegal aliens use public education and health facilities more than welfare and other services because of easier access. This imposes a direct fiscal burden on State and local governments, which provide most of the funding for public schools; local governments also provide funding for local hospitals.

A 1976 study of apprehended illegal workers found that their use of government benefits was very low, reflecting the fact that they were typically young, male, and single. Studies of illegal migrants with longer stays in the country tend to show higher rates of participation in social programs. A recent study of illegal residents in Texas found very little use of social and other welfare services, but substantial use of health and education services. Illegal aliens appear to use health services more frequently than other services, but most appear to pay for those services.

The stream of benefits received by immigrants over their lifetimes has not been directly surveyed. One study suggests that the benefits received by legal (and some illegal) migrants are initially well below those of the average native-born family. During their first 5 years in the United States, immigrants receive similar welfare and education benefits but lower social security payments. As immigrants remain longer in the country, they receive more education and social insurance benefits. The study estimates that overall use of benefits among immigrants equals the average usage by native-born families only after 15 years of residence.

TAXES PAID

All residents of the United States, regardless of legal status, are required to pay taxes. Employed migrants in most cases are subject to Federal and State income tax withholding and social security taxes. They also pay sales and property taxes.

The extent of tax payments by illegal aliens has been the subject of much debate and analysis. Sales taxes and property taxes, important sources of local revenue, are collected from illegal aliens without substantial avoidance directly at the point of sale or implicitly as part of a rent payment. Social security taxes are automatically deducted from paychecks and may not be avoided easily by illegal aliens, although some employers may fail to make the required payment to the Federal Government. The amount withheld for income taxes may be substantially reduced, however, if an illegal alien claims a large number of exemptions. False exemption claims are difficult to prevent and, according to some accounts, income tax avoidance may be pervasive among illegal aliens. The extent of such tax evasion, however, is not clear.

A study of illegal migrants in Texas found that the vast majority made substantial payments for Federal income and social security taxes, as well as sales and excise taxes. The study did not estimate property taxes, and Texas had no State income tax. A study of Mexican migrants, both legal and illegal, in Los Angeles found that migrants paid below-average State and local taxes (including property taxes), reflecting their below-average levels of income.

These studies reflect tax payments in a single year and reveal little about the lifetime flow of immigrants' tax payments. No survey directly measures the lifetime pattern of tax payments by immigrants. One cross-sectional analysis roughly estimates that the total tax payments of immigrants are below those of the average native-born family only during the first few years after entry. With rising family incomes in subsequent years, immigrants' tax payments rise. Taxes paid by immigrants are estimated to be higher after 10 years in this country, on average, than taxes paid by the native-born. The estimated differential continues to grow as the immigrants' length of stay in the United States increases.

NET FISCAL EFFECTS

Because of differences in their family characteristics and economic circumstances, immigrant groups may generate greatly varying net fiscal effects. Political refugees may have particular difficulties adjusting to life in a new land, and they benefit from special refugee assistance programs. Those who arrive without basic educational and job skills may find initial problems in the labor market, but the evidence shows that they are able eventually to increase their earnings and reduce their program dependency. Illegal aliens may find it possible to evade some taxes, but they use fewer public services (especially social security benefits) than do other groups.

On the whole, however, international migrants appear to pay their own way from a public finance standpoint. Most come to the United States to work, and government benefits do not appear to be a major attraction. Some immigrants arrive with fairly high educational levels, and their training imposes no substantial costs on the public. Their rising levels of income produce a rising stream of tax payments to all levels of government. Their initial dependence on welfare benefits is usually limited, and they finance their participation in social security retirement benefits with years of contributions.

The distribution of these net fiscal benefits is not uniform. Many of the fiscal costs of migration, such as those arising from pressures on school systems and hospitals, are incurred in areas where there is a high concentration of migrants. Tax collections from migrants in these areas may not fully cover these additional costs. An increase in population, however, generally imposes a fiscal burden on local areas, which is offset by increased local fiscal capacity.

There may also be fiscal spillovers of immigration to other workers. For example, those who face stronger labor market competition may experience a reduction in annual earnings and a corresponding increased reliance on government benefit programs, such as unemployment compensation. Although some workers may be adversely affected, the extent of displacement appears to be small. The net spillover depends on the size of the offsetting reduction in benefit payments to (and increase in tax payments from) persons whose incomes have improved because of the positive economic effects of immigrants. The net fiscal spillover seems likely to be positive, with greater tax payments and lower benefit costs than would occur in the absence of immigration.

CONCLUSION

For much of the Nation's history, U.S. immigration policy has been based on the premise that immigrants have a favorable effect on the overall standard of living and on economic development. Analysis of the effects of recent migrant flows bears out this premise. Although an increasing number of migrants, including many illegal aliens, have entered the country in recent years, inflows are still low relative to population and relative to U.S. labor force growth.

International migrants have been readily absorbed into the labor market. Although some displacement may occur, it does not appear that migrants have displaced the native-born from jobs or have reduced wage levels on a broad scale. There is evidence that immigration has increased job opportunities and wage levels for other workers. Aliens may also provide a net fiscal benefit to the Nation, often paying more in taxes than they use in public services. Immigrants come to this country seeking a better life, and their personal investments and hard work provide economic benefits to themselves and to the country as a whole.

The economic gains provided by international migration, however, do not justify the presence or employment of aliens in the United States on an illegal basis. Illegal aliens knowingly defy American laws while their presence establishes claims to economic opportunity and Constitutional protections. As a sovereign Nation, the United States must responsibly decide not only who may cross its borders, but also who may stay.

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Representative **Scheuer**. What we are here to find out from you is the economic effects of immigration, both legal and, more especially, illegal. We are a country of immigrants, and we have no question of the fact that legal immigration that is under our control and under our scrutiny has enormous benefits for our country.

We are especially interested not in the 600,000 or 700,000 legal immigrants, but the 2 million gate crashers. Obviously they offend every concept of justice and fairness, as you pointed out and as Congressman Lungren pointed out. To ask people all over the world to wait in line and to obey our laws and our requirements, the rules of the game that we established for achieving access to our country, while we look the other way and wink at 2 million people crashing into our country annually across our borders is monstrously unfair.

So let's lay that aside. There can be no debate about that. Let's discuss the economic effect of illegal immigration. As I get it, you sort of lumped together the economic implications to our country of legal and illegal immigration. I would like to separate those.

Mr. **Sprinkel**. I would too.

Representative **Scheuer**. Can you do it?

Mr. **Sprinkel**. It is practically impossible. I have seen no one that has been able to break out in a significant test the difference between the two, for the reasons that I gave: they tend to be in the same place, frequently in the same kinds of jobs; some of them that are legal now did not used to be legal.

Representative **Scheuer**. Some of them that used to be legal are no longer now if they are overstayers, if they are on a student or a visitor's visa. So you have it both ways.

I would like to ask you about your suggestions that these people have had a positive effect on our country. First of all, the new jobs that have been created. We have created tens of millions of new jobs. They have been mostly in low paying service jobs. We see the deterioration and attrition, as I understand it, in our industrial sector, in the high wage paying sector of our economy, as we have seen manufacturing industries exported, one after another, perhaps 1 million jobs a year, 3,000 jobs a day, I think the estimate is, of industrial jobs going abroad as we deplete our industrial base.

The whole question of whether we can afford to deindustrialize America and shift our employment pattern from high paid, capital intensive jobs in production to very low paid, labor intensive jobs in services is the subject for another hearing, and I hope that we will have such a hearing and that we will invite you back to be a very productive and informative witness. But today, looking at illegal immigrants, virtually all of whom go into low paying jobs, with a few exceptions of the kind you mentioned, with a considerable amount apparently of job substitution of Americans—there is a recent Urban Institute report that indicates that twice as many illegal immigrants take jobs from Americans as had been contemplated.

Can you state that with the flow of illegal immigrants into low paid jobs, many of them taken from Americans, that our job opportunities in this country and economic welfare of our country have been improved? The job opportunities, certainly in the industrial sector, have been deteriorating at an alarming pace. The job opportunities in the low paid service sector have been improving. Is this the direction that our country wants to go and is this a healthy phenomenon?

Mr. SPRINKEL. Although it is a subject for another hearing, I must say that in the Economic Report published in February we looked in great detail at the question of whether in fact we are deindustrializing and concluded there was no evidence to support that allegation. I hear it frequently. Some of my friends tell me it's true. But if you look at the numbers, it turns out that there has been a tendency to move from industrial to service industries over a long period of time. There is no evidence that it has accelerated recently, and furthermore, the increase in output in this particular economic expansion has been a little better in the industrial sector than has usually occurred in other economic expansions.

Putting that aside, we cannot, as I indicated, distinguish between the economic effects of legal and illegal aliens.

But what do we know about the effect of immigration? There is some evidence, certainly, in certain areas that the inflow of immigrants has had an effect on the wage rate of certain poorly skilled groups, an adverse effect. There is not much doubt about that.

There is not, to my knowledge, although you assert the contrary—and I would be glad to look at your evidence—good evidence that it has displaced American jobs.

The GAO report, for example, which suggests that that could well have occurred, reviewed a large number of studies. They found one that said it was certainly potentially true. That author, who went on to complete his study, concluded exactly the opposite after looking at the data.

There is no good evidence that it displaces American jobs. Furthermore, there is fairly good evidence in the Los Angeles study that in fact they are not substitutes but are complements, that is, the more highly skilled jobs tend to improve as a result of the inflow of the immigrants and wages of skilled workers tend to also improve.

So I think we should be very careful about concluding that every time a new immigrant comes into the United States an American citizen loses a job. In fact, we have had an enormous improvement in jobs, something around 10 million net over the past 42 months, and we cannot find clear evidence that they are throwing existing Americans out of jobs.

Representative SCHEUER. My time is just about up. I only have one more question for you.

You are looking at three Represenatatives, two from the State of California and one from the State of New York. We have had enormous expenses in our cities and States serving the compassionate needs of illegal immigrants, particularly in the field of education and health. If they are here, we don't want the kids growing up illiterate and innumerate. If they are here, we don't want them, adults or kids, running about our economy with communicable diseases, infectious diseases, and so forth. Every humanitarian instinct is, for goodness sake, whatever we do with them in the long run, let's educate the kids and let's provide all of them with health services.

The county of Los Angeles has recently sent you a bill of health services just for births, I believe, for the cost of maternity services, $50 million or more. In the aggregate, New York State and California are spending hundreds and hundreds of millions of dollars a year on education and health costs for these illegal immigrants. It is a national problem.

I think the three of us would be absolutely unanimous in saying that we didn't invite them to our States. We welcome them as we welcome any human being who comes to our country for opportunity, for a better life. We stand ready to share our proper burden in doing this. But we think it is basically a national burden that the whole country should share.

Does the administration have any plans for allocating the costs of illegal immigrant services, mostly education and health, to the national treasury and, in effect, bailing out the States like California, the South and Southwest, Florida and New York, New Mexico, Arizona, I suppose, that bear a very, very disproportionate burden of caring for these people?

Mr. SPRINKEL. There is clear evidence that certain States and localities—and you happen to be from two of the most intensely affected—incur more costs in terms of services than shortrun benefits. From the Federal side, the immigrants that are working must pay Social Security taxes. There is some debate about whether they pay their income tax or not. Maybe they don't. That doesn't go to the State. That goes to the Federal Government.

We have supported in the Senate bill, I believe the amount is $1.8 billion to be distributed to reimburse States that are incurring these extra costs. So included, in our view of immigration reform is an effort to make some contribution toward these extra costs incurred by those States and localities that in fact bear most of the burden.

Representative SCHEUER. There is a provision in the bill that I authored that provided that amnesty, if and when it is passed, will not be implemented until a Presidential commission, to be created, certifies to the President and to the Congress that our borders are under reasonable control. This is to prevent the very existence of amnesty acting as a magnet that will attract additional waves of illegal immigration.

Do you support that measure?

Mr. SPRINKEL. I understand that particular aspect differs between the House bill and the Senate, with the Senate version including some provision similar to what you described. It is my understanding that the House bill would make amnesty automatic.

Representative SCHEUER. Would make what automatic?

Mr. SPRINKEL. The legalization. They would become legalized if they had been here *x* number of years. There is also a little difference as to when the time period of required residence starts, 1980 versus 1982.

Representative SCHEUER. Would you support a delay in the effective date of amnesty until Congress and the President were assured that our borders were secure?

Mr. SPRINKEL. I must confess you are asking me to be an expert in the total bill, and I am not.

Representative SCHEUER. I am simply asking you as an economist.

Mr. SPRINKEL. It appeals to me intuitively. I understand the reason you do not want another onslaught during the process. You would like to make sure that you get control of the borders. It seems to me that it has the proper incentives, but I would have to spend more time thinking about it than I can in 1 minute.

Representative SCHEUER. Thank you very much, Mr. Sprinkel.

Congressman Lungren.

Representative LUNGREN. Thank you very much. I guess I find myself in the usual position these days of sort of being between everybody, those who testify and the chairman, who happens to be controlling the hearing.

I keep hearing the phrase "low paying service jobs" reiterated. Having attended most of the unemployment hearings with the head of the Bureau of Labor Statistics, I know she has cautioned us that those may not go together. The fastest growing sector in the economy in terms of occupation is the business services, which, as I understand it, includes such low paying jobs as consultants, computer programmers, businessmen, and other high paid professionals. I have even been told it includes Congressmen and Congresswomen, surgeons, entrepreneurs, and other types of professionals.

There is also the suggestion that when you take someone who has been working in the manufacturing sector into a service job that they don't necessarily stay at the entry level in the service side or that it is as de minimis an income as has been suggested.

Mr. Sprinkel, you have mentioned the GAO report and other reports. The Judiciary Committee has received the most recent report from the GAO, which was last month, on the question of illegal alien workers. To cite what the Director stated in a letter to me on April 21:

> Our major finding is that illegal alien workers do appear to displace, that is, take jobs away from native or legal workers. The finding is stated in qualified rather than conclusive terms because the studies we used to reach it are limited and suffer from important methodological weaknesses. At present, the information needed to provide a conclusive answer to the displacement question is not available.

I would probably concentrate on that last statement more than anything else, "information needed to provide a conclusive answer to the displacement question is not available," because I think we have trouble finding out what the universe is we are talking about. I can give you ranges all the way from 500,000 illegal aliens currently residing in the United States on a permanent basis to 9 million. Take your pick. They are all methodologically appropriate and I think they are all sincere. The fact of the matter is we don't know, and I think that is why you have said we really have difficulty in determining the economic impacts of illegal versus legal migrants because we cannot determine what the universe is.

I happen to be one who supports immigration reform but rejects the idea that people are bad, that economically they cause trouble more than they provide assistance normally. At the same time, I agree with your statement that the question of immigration is far more than economics. The question of who comes here and who lives here and under what rules and regulations is appropriate to be made by any country if it is duly constituted.

Let me just ask a couple of questions, however.

There is evidence, at least arising in the public press—there are some facts that some of us know but can't divulge because of their confidentiality—but there is some information that has come to light that illegal immigrants and perhaps even some elements of the Mexican police may be contributing to our drug enforcement and other legal problems. Certainly, if that be true, that does generate some economic as well as social costs, does it not?

Mr. SPRINKEL. If it's true, it certainly adds to a problem that is a very serious one in the United States. I have read the newspaper reports on that debate. I have not looked at the evidence, so I cannot conclude whether it is true or not.

Representative LUNGREN. I understand. I am just saying if those factors were to be true, there would be social as well as economic consequences.

Mr. SPRINKEL. Yes. Furthermore, it has economic consequences because we are spending a lot of money in the United States battling that problem.

Representative SCHEUER. Will my colleague yield?

Representative LUNGREN. I always yield to my chairman. I have learned that.

Representative SCHEUER. I serve on the Select Committee on Narcotics, and we just 2 months ago completed a trip to the Southwest part of the United States, stopping at a number of border patrol stations of the Immigration and Naturalization Service, Customs and the like. We were told instance after instance after instance of times when the Mexican Federal police actually guarded and assisted drug runners in unloading airplanes just on the other side of the border, small craft at the innumerable small airports that dot the border; assisted in supervising the unloading of the planes and the loading of trucks with hundreds of millions of dollars worth of narcotics of all kinds—heroin, cocaine, marijuana; and accompanied those trucks, gave them armed accompaniment to the border, and that they are deeply involved hand in glove with the drug smuggling rings. Beyond any question.

Representative LUNGREN. Thank you, Mr. Chairman.

I can see one way in which we are having an improved economy in the Southwest by virtue of illegal immigration. We have congressional study groups going out there on a regular basis, and that does help part of our industry.

Let me just ask one question. I happen to think it has a bearing on this. We happen to have a bill that we are dealing with on the floor right now. Some call it the "I'm mad as hell and I'm not going to take it anymore press release bill of 1986," better known as the trade bill. I think it's pure and simple protectionism.

The problem that you articulated with respect to us receiving many, many immigrants, both legal and illegal—but let's just talk about illegal immigrants—because of the adverse economic circumstances in their home countries: Do you think a blatantly protectionist bill passed by the United States will alleviate the economic circumstances of those countries that send us illegal immigrants?

Mr. SPRINKEL. I think it will exacerbate the problem. I agree with your assessment of the House bill. It is undoubtedly the most protectionist bill that I have seen since I have been watching such developments over the past 5½ years. It will clearly be contrary to GATT; it will undoubtedly encourage reciprocal action on the part of other countries to slow down and, rather than promoting trade, it is going to slow trade. Whenever you slow trade, this tends to reduce jobs, standards of living. I think it would be a disaster if that bill became law, and I am hopeful that it won't become law.

Representative LUNGREN. Let me ask you one last question, and it deals with the legal immigration side of the whole debate on illegal immigration. What I mean by that is this. As we have lost control of our borders, I have the feeling that it has become politically difficult, if not impossible, for us to deal with the legal immigration side. That is, we can't even get a bill out which goes to change the preference system right now. We say hands off, let's not deal with that. Even though family reunification ought to be, let's say, the No. 1 aspect of our immigration policy, we have always set-aside in our laws a significant percent—although that percentage has become smaller—of legal immigration slots for what we call seed immigrants, someone who is not related to somebody who is already here, like our first ancestor who got here. What we have done in the past is create categories where people can come in as seed immigrants who have particular skills to add to this country. The problem I see is that as we are overwhelmed by the illegal immigration problem we tend to diminish the slots that are available for what we traditionally thought of as seed immigrants.

From an economic standpoint, is there still a need in this country to be the recipient of seed immigration, and are there any adverse economic impacts if in fact we cut off that opportunity?

Mr. SPRINKEL. There probably are adverse effects. Not all of the immigrants coming to this country are poorly skilled and poorly educated. Many of them are. But it turns out that doctors and other skilled people frequently come to this country because their opportunities are much better. From our point of view, obviously this tends to be similar to a capital inflow. It is advantageous to our own economic development, but, of course, is contrary to the development of the country from which they come.

What we are trying to do, through initiatives such as the Baker plan, through our discussions with commercial bankers, with the IMF, with the World Bank, with the leaders of the countries involved, is to encourage them to move in a direction which will provide more jobs and more growth in their home country. If we can do that, of course, it will tend to reduce the incentive to come into this country illegally.

But I agree. We do not want to substitute poorly skilled immigrants for highly skilled immigrants, and there is some of that going on in the categories that you spoke about.

Representative LUNGREN. Thank you very much, Mr. Sprinkel.

Representative SCHEUER. Congresswoman Bobbi Fiedler of California.

Representative FIEDLER. Moving along that line with your last comment, it makes me think that the concept of simply lending additional money isn't necessarily going to create economic health within those countries. The truth is that the high level of lending that has been going to many of the countries, particularly in Central and South America, has created an economic stress upon them to try to repay those debts. So it hasn't necessarily had the results that we would have liked it to have had in terms of growth and expansion in those economies.

You made a comment earlier that the illegal immigrants must pay Social Security taxes. I think that that presumes that these people are part of the ordinary economy and not the underground economy. I would really dispute that point with you. Because if somebody is being hired in the underground economy, and large numbers of illegals are—it is a way in which many of them get their start—they are indeed not paying Social Security taxes or other taxes that the average citizen pays and therefore are a drain and are taking advantage when they need assistance in an unfair way upon the resources the average citizens are having to support.

Mr. SPRINKEL. I am sure there is some of that, but the studies that we reviewed indicate that most of them are paying Social Security taxes and, in may cases, Federal, but there are undoubtedly some subgroups that do not.

Representative FIEDLER. I would have to ask you then, if you cannot break them out, how do you know that about this particular answer but not know how many there are, where they are, et cetera? How did you get the information for Social Security payment proportionally but not have it for the earnings of the foreign born in other ways?

Mr. SPRINKEL. We did not do any new research on our own. I haven't done any pure research since I hit this town, and I don't expect to, because there is not time.

Representative FIEDLER. I'm sorry about that.

Mr. SPRINKEL. I submitted with my testimony 11 pages of the bibliography that we used, and it was based on prior studies that we reviewed and considered competent.

Representative FIEDLER. Also, there was another point. You said that there is no evidence that they actually displace American jobs. I don't see how you can say that. If you have hundreds of thousands of people coming in and earning a living, able to take care of themselves and others, how can you say that they aren't displacing American jobs?

One other point on that before you respond. Ten million new jobs have been created after 42 months, you indicated before, but you said that there is no indication that they are actually "throwing" Americans out of jobs. I had the feeling in that statement that it was very qualified and that what you meant is that American workers are not having illegals come in and take their job. But what about the replacement or the growth in the job market that is taking place? To what degree are they impacting that and therefore taking jobs Americans might have?

Mr. SPRINKEL. The tendency is to think that, well, if they had not been here an American would have that job, or if they get a job, an American doesn't have a job that he otherwise would hold. This view fails to note that immigrants make a net contribution, thereby creating additional jobs. For example, there is an unusually high percentage of immigrants who tend to create their own businesses and hire somebody else. All of the evidence I have seen suggests that they have not displaced Americans.

There are a number of studies of the subject, including two of Los Angeles. There is also a GAO review, and I don't know how they concluded what they did, because the evidence that they looked at pointed in the opposite direction. So I just know of no data that will support that argument. I can't just imagine an answer. I have to look at numbers.

Representative FIEDLER. Just a final comment. What you are basically telling us, at least in reference to the specific study, the study that you have looked at, is that even though they make conclusions in one direction, based upon what you saw as the backup evidence, that did not validate those positions.

Mr. SPRINKEL. I believe you are referring to the GAO study. You must read that one very carefully. They found one study, I believe by Professor Simon, that suggested there was a possibility that they might have caused job displacement, but when you read through Professor Simon's study, he eventually concludes, after looking at the data, that in fact they did not displace Americans in jobs.

Representative FIEDLER. Mr. Chairman, I would venture to make one brief comment. It seems to me that the information is grossly inadequate to be able to answer these questions in a factual way. You are given a variety of different bits and pieces of information, but I would say our own observation of what is going on directly in our own community would in large part contradict that.

I made a comment earlier about the necessity of applying economic pressure to the Mexican Government. We can only do so much, but they have to help. I don't care whether it is stopping the flow of drugs or whether it is stopping the flow of illegal aliens which is used as a valve to deal with their economic problems in their own country, Mexico must take a more active role. We must look at this in a two-pronged way and find a way to apply the necessary pressure to that government as well as try to identify the necessary policies to try to affect it from our side of the border.

Representative SCHEUER. One last comment. It seems to me there is a great deal of fog over the question of whether there is economic displacement.

Mr. SPRINKEL. Yes. Except I know of no study that argues that there is major job displacement. The overwhelming evidence says no. Immigration does, however, impact wage increases in certain groups adversely.

Representative SCHEUER. Whether or not Americans are displaced, doesn't the existence of a large pool of unskilled, easily exploitable labor, willing to work for very low wages under submarginal working conditions have a tendency to pull down wage levels and to create a whole new substratum labor market of below minimum wage levels and below minimum working conditions that prevail both for the illegal immigrants and for their low wage, low skilled American counterparts?

Mr. SPRINKEL. It does tend to keep wages lower among the unskilled in certain communities where there is a heavy concentration. There were several studies that clearly confirmed that evidence. However, it tends to release some of our citizens to move into higher paying jobs so that groups that have different sets of skills tend to benefit as a result of having this downward pressure on the lowly skilled. So you have to be careful which group you are talking about. If you are talking about the poorly skilled, it clearly keeps those wage rates depressed where there is a heavy concentration of illegal, unskilled immigrants.

Representative SCHEUER. Is that in the national interest?

Mr. SPRINKEL. Well, you have to then weigh whether you are concerned mostly about the poorly skilled or whether you are concerned with overall effects and with those who are more skilled and who will benefit from this flow. That is a judgment you would have to make. All I can tell you is what the economic studies tend to show.

I don't want to be misunderstood here. I am in no way arguing that we should open up our borders and let them roll in. I think that would be a disaster. I firmly support immigration reform. We have supported the Senate bill, including the provision you referred to, and that is certainly where I stand. But I don't want to support it for the wrong reasons. That is the main point.

Representative SCHEUER. Mr. Sprinkel, your testimony has been thoughtful and stimulating. I am sure all three of us have additional questions to ask you, but the clock is inexorably moving and we are behind schedule on this hearing.

I would ask unanimous consent that any of the three of us can put questions to you in writing and we will hold the record open for 7 or 10 days to give you ample time to answer such questions as we may submit.

Congressman Lungren.

Representative LUNGREN. I just want to make one statement. I notice that in the fact sheet that accompanied your testimony you indicate that among the studies looked at were Donald L. Huddle's study down at Rice University. He is one person who has done at least one study. He has done more than one study, but the most recent study I am aware of does conclude that in fact there has been a displacement factor. He has it up to a 65 percent displacement factor. I know the Urban Institute study of Los Angeles says zero displacement factor; I know the Department of Labor said somewhere between 20 and 40. Maybe that is the best suggestion. What you said about there being a fog over it is in fact true.

Mr. SPRINKEL. When I see assertions such as the Huddie study made I then get very inquisitive as to how they came about those numbers. To my knowledge, there is no extant version of the methodology or the evidence used in documenting and supporting that particular conclusion. I would like to see it, but it hasn't been published. Until I see the evidence, I don't believe it. I'm from Missouri and that has served me well over the years, and I have seen no evidence supporting the assertion by Mr. Huddle.

Representative LUNGREN. I am from southern California, and I have seen the evidence.

Representative SCHEUER. Mr. Sprinkel, thank you very much for appearing with us this morning.

Mr. SPRINKEL. Thank you. It was my pleasure, sir.

[The following written questions and answers were subsequently supplied for the record:]

RESPONSE OF HON. BERYL W. SPRINKEL TO ADDITIONAL WRITTEN QUESTIONS POSED BY REPRESENTATIVE SCHEUER

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May 27, 1986

The Honorable Beryl Sprinkel
Chairman
Council of Economic Advisers
Executive Office Building
Washington, D.C. 20506

Dear Mr. Chairman:

Again, let me thank you for your thoughtful testimony before the Joint Economic Committee on Thursday, May 22, 1986.

As I mentioned, I have a few additional questions that I would like to submit for the hearing record. I would appreciate your reply at your earliest convenience.

1. Following your testimony, Professor Barry Chiswick suggested that a solution to the problem of illegal immigration requires that those who attempt to enter the United States illegally and are caught should bear a greater penalty than in now imposed, in order for apprehension to have any deterrent effect. Professor Chiswick pointed out that a fine would not work for most illegals because they are generally too poor to pay. Instead, he suggested a substantial stay in a Mexican prison plus revocation of any right to enter the United States legally. Could I have your reaction to those suggestions.

2. On page 221 of the Economic Report of the President, the following statement occurs:

   > Job opportunities in labor markets where immigrant labor is complementary with native-born labor, however, are likely to rise. This increase in labor demand will raise wage rates and increase the employment of native-born workers -- including those who may have been displaced from employment elsewhere.

If you don't change fiscal and monetary policy in order to increase real GNP, then how is it that illegal immigrants can take millions of jobs in this country without displacing native workers, let alone new job opportunities for domestic workers? Isn't it true that the only way to do this is by lowering the real wage of domestic workers?

3. On page 222 of the Economic Report of the President, the Council writes that the U.S. labor market may not be able to adjust to increased immigration if there are "market rigidities, such as the minimum wage, that may impede normal adjustment."

   Is the Council saying by this that it would recommend repeal of the minimum wage in parts of the country where the labor market is affected by illegal immigration?

4. On page 234, you conclude that the net displacement of domestic workers by illegal immigrants is small. What kind of statistical evidence can you supply to support that conclusion?

Sincerely,

James Scheuer
M.C.

JS:bbt

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 2, 1986

Dear Congressman Scheuer:

I am happy to respond, for the hearing record, to the additional questions raised in your May 27 letter. It was a pleasure, as always, to testify before the Joint Economic Committee.

(1) Professor Barry Chiswick's suggestion that apprehended illegal aliens bear a greater penalty.

Professor Chiswick correctly points out that, under current procedures, apprehension does not generally impose high costs on those who are in the United States illegally; thus apprehension has little deterrent effect. Indeed, many individuals are apprehended multiple times. A stay in a Mexican prison plus revocation of the right to enter the United States legally following apprehension would certainly deter illegal entry. All methods of enforcement, however, involve costs, and increased penalties would impose costs on government as well as on the individuals apprehended. We have not examined the costs and the effectiveness of alternative methods of enforcement. Major enforcement alternatives include employer sanctions and increased border control, as well as increased penalties on illegal aliens who are caught.

(2) Statement in the 1986 Economic Report of the President, page 221, to the effect that job opportunities may increase as a result of immigration.

The number of jobs in the economy is not fixed. The discussion in the chapter goes on to indicate additional reasons -- besides labor complementarity -- why the number of jobs may increase along with immigration. Demand for labor may increase because of additional investment in industries that would not be competitive otherwise; labor demand may also increase because immigrants themselves demand goods and services. If immigrants are no more than substitutes for native-born workers, real wages, of course, may fall.

A simple way to illustrate the main point here is to consider the broad sweep of American economic history. There are more job opportunities now than there were two hundred years ago, prior to our large waves of immigration. The Nation's long-term economic growth is not commonly attributed to modifications of fiscal and monetary policy.

(3) Statement in the 1986 Economic Report of the President, page 222, regarding market rigidities and minimum wages.

The Council has not recommended repeal of the minimum wage in those areas of the country where illegal immigration is concentrated.

(4) Statement in the 1986 Economic Report of the President, page 234, on job displacement.

The conclusion of the chapter allows for the possibility that some displacement may occur. Statistical studies, however, have found no significant evidence of job displacement caused by immigrants, legal or illegal. The studies on displacement that we examined are cited in the bibliography that was attached to my written testimony. These include work by Huddle, Morales, Martin, Manson, Simon and Moore, Muller, Muller and Espenshade, Harrison, and Villalpando.

Sincerely,

Beryl W. Sprinkel

Beryl W. Sprinkel

The Honorable James H. Scheuer
Joint Economic Committee
House of Representatives
Washington, DC 20510

Representative SCHEUER. We will now move to our panel of witnesses, Prof. George Borjas, Department of Economics of the University of California; Prof. Barry Chiswick, Department of Economics, University of Illinois at Chicago; and Thomas Espenshade, director, Program in Demographic Studies at the Urban Institute in Washington, DC.

We welcome you. Several of you have appeared before us on other occasions and we are grateful to you for coming this morning.

Try to limit your testimony to 7 or 8 minutes and then we will ask all three of you some questions.

We will take you in alphabetical order, B, C, and E, and be damned to all the after E's.

First, Mr. Borjas.

STATEMENT OF GEORGE J. BORJAS, PROFESSOR OF ECONOMICS, UNIVERSITY OF CALIFORNIA, SANTA BARBARA, AND RESEARCH ASSOCIATE, NATIONAL BUREAU OF ECONOMIC RESEARCH

Mr. BORJAS. Thank you, Mr. Chairman and members of the subcommittee.

Let me address two questions that I believe that most of the existing research on the interactions between immigrants in the labor market has focused on.

The first of these questions is, What is the impact of immigrants on the earnings and employment opportunities of native-born workers? This is something we have heard a lot about before already this morning. In other words, do immigrants "take jobs away" from native-born workers?

The second question is, How do immigrants do in the U.S. labor market? In particular, do they adapt rapidly to the structure of the labor market? Do their earnings increase rapidly over time as they adapt or assimilate?

Let me take this opportunity to sort of summarize very briefly what the results of my research and that of others on these key questions lead to.

Let me first begin with the question of the impact of immigrants on the labor market.

As you have heard already this morning, there are many, many anecdotes of immigrants arriving in the United States and taking jobs away from specific groups of native-born workers. Despite the appeal of such anecdotes, however, there really is very little evidence that substantiates these claims.

The recent research of this problem in economics begins with the basic concept that the wage of a particular type of labor, whether it be native-born workers or foreign-born workers, depends on the productivity level of that type of labor. So the relevant question really is, What happens to the productivity of native born when the supply of immigrants increases?

The answer to this question is really not so obvious even at a theoretical level. On the one hand, immigrants and native-born workers may be substitutes in the production process. They may have the same kinds of skills; they may hold the same kinds of jobs; and then you would see that an increase in the supply of immigrants could lower the productivity of the native-born labor force and would reduce native-born wages and employment. This is usually the scenario most frequently assumed in discussions of the problem.

On the other hand, however, it is possible that immigrants and native-born workers may be complementary in production. In other words, they perform complementary jobs and they have complementary skills, so that the native-born labor force can then gain by specializing in particular industries and occupations as the supply of immigrants increases and the wage of native-born workers would rise.

Representative SCHEUER. Can you give us an example of that?

Mr. BORJAS. Take college professors and gardeners, for example, people who do landscaping work in California. It may well be that as immigrants come in and specialize in gardening I can go to a university office and do my research and thereby gain, in some sense. That is a very specific example and my own experience.

Representative SCHEUER. Are you serious?

Mr. BORJAS. There is a sense in which they could be complementary in production, sure.

Representative SCHEUER. I suppose any kind of low-paid domestic labor would free up professionals to spend a little bit more time at their business since they don't have to do any more chores at home. Are you actually suggesting that a larger flow of illegal immigrants is going to enhance the productivity of our professionals?

Mr. BORJAS. Oh, no. I am not suggesting that that may be the case. I am saying in theory it is possible that that may be the case. Theoretically, immigrants and native-born workers may be either substitutes or complements. We cannot predict before we look at the data which kind of relationship will exist. What I am trying to say is that the question is really an empirical question, so the data will have to tell you whether they are substitutes or complements.

Representative FIEDLER. Isn't that the reverse of the trickle-down theory?

Mr. BORJAS. In what sense? I see. The trickle-up theory.

What I am really trying to say is that it is really an empirical question that arguments cannot really resolve. We have to look at the data and find out what happened to the earnings of the native-born labor force as the supply of immigrants came in. When you look at that data, what happens is that you do tend to find that the native-born labor force as a whole and immigrants are substitutes in production. In other words, when the supply increased the native-born wage rate of productivity was lowered. However, the numerical amount of that lowering is quite small.

In fact, if you look across some studies, available estimates would suggest that a 10-percent increase in the supply of immigrants would reduce the average native-born wage level by about one-half of 1 percentage point. It is statistically important in the usual scientific sense, but it is a numerically very small result.

The same small effects tend to be found when the native-born labor force is desegregated by race. In other words, let's look separately at the impact of immigrants on white native-born workers and the impact of immigrants on black native-born workers, since the black labor force is usually a major source of concern. Again the same small numerical effects start to be found. Immigrants have at most one-half of 1 percentage point adverse effect on the native-born wage rates.

The studies, however, do find one group that is strongly adversely affected by the increase in the supply of immigrants, and that is the stock of foreign-born persons already in the United States. It turns out that an increase in the supply of immigrants of 10 percent, say, would lower the wage of foreign-born persons already here by 5 to 10 percent, which is a sizable effect.

Available evidence, therefore, is not really consistent with the common assertion that immigrants impose a major cost in terms of reduced earnings on the native-born labor force.

Representative SCHEUER. Excuse me, Mr. Borjas. Nobody is suggesting that the inflow of low-paid workers is going to affect the wages of college professors and industrial managers or professional elite in this country. I think the fear is that the inflow of low-wage earning workers with low skills and low literacy affects the workers at the low end of our scale, of whom there are tens of millions. We have 20 percent of our adult population without literacy or numeracy skills. They are functionally illiterate. Twenty percent of our adult population, with the percentage being considerably larger than that in our black and Hispanic community already here, many of them here for generations or for hundreds of years and many of them ultimately originally brought here unwillingly, involuntarily.

Can you summarize the effect of a large flow of low-paid, unskilled immigrant labor on the low end of the wage spectrum, at the low end of the skill and literacy spectrum? That is the fear. Not that these low-wage, low-skills folk coming in are going to affect employment of college professors and chief executive officers, if you understand my meaning.

Mr. BORJAS. I understand. The evidence that exists today is that the average immigrant coming in has an impact on both blacks and Hispanics. However, that impact is numerically very small in terms of reduced wages.

Representative SCHEUER. How about job displacements?

Mr. BORJAS. I have no evidence that that is a major impact either.

But there is one qualification I do want to make which I think is very important for the future. There is some evidence, which I will return to in a couple of minutes, that the more recent immigrant waves are quite different from the earlier immigrant waves. Most of the studies that I have discussed just now essentially look at 1970 or 1980 census data, which is really looking at the impact of the average immigrant who arrived in the 1950's and 1960's on the native-born labor force. Since the immigrant waves of the 1980's and late 1970's are quite different from those of the 1950's and 1960's, it may well be that the kinds of impacts that are measurable in data will differ as more data becomes available in the future.

This brings me to the second problem that I want to address: How do immigrants do in the labor market?

This question by far has really dominated most of the research in economics, regarding the economics of immigration. These studies typically use what we call cross-section data, which is like a census data set, a snapshot of the population at a given point in time, and they obtained three main results, some of which were mentioned before in the hearing.

The first is that the earnings of recently arrived immigrants are significantly lower than the earnings of comparable native-born workers upon arrival.

The second is that over time the earnings of immigrants tend to raise at a faster rate than the earnings of the comparable native-born labor force.

The third one is that, remarkably, after 10 or 15 years or so the earnings of immigrants overtake and begin to surpass the earnings of native-born workers.

Again, keep in mind that all these results usually tend to be found in cross-section data. In other words, in a given census at a point in time.

The first two of these findings tend to be explained by the argument that upon arrival to the United States immigrants lack skills, like language, say, that American employers find valuable. As these skills are acquired immigrants begin to adapt or assimilate in the labor market, and the adaptation process leads to the result that over time the earnings profiles or the earnings of both groups begin to converge, and immigrant earnings will tend to rise at a faster rate than the earnings of comparable native-born workers.

This does not, however, explain why it is that 10 years or so down the line immigrants begin to earn more than native-born workers, and at that point the usual argument is that somehow the immigrant population is highly select and that it tends to attract the most able, the most motivated, and in some sense higher quality work—by quality, meaning a labor market earnings type argument—than the native-born population in the United States. Given that selection, then it is not too surprising, if it is correct, that 10 or 15 years down the line immigrants begin to earn more on the average than the average native-born worker.

Recent research, however, begins to question the validity of some of these findings. The main form of these findings is that they use the snapshot of data, the cross-section data set to make inferences about what happens to immigrant earnings over time.

For instance, a typical finding that the more recent immigrant waves earn less than the earlier waves of immigrants may have little to do with the concept of adaptation or assimilation. Instead, it is completely possible that such a result is generated by the fact that the more recent immigrant waves are simply of lower labor market quality than the earlier immigrant waves.

In fact, there is really little reason to suspect that the earnings of immigrant cohorts of different vintage have remained stationary during the postwar period.

In particular, the major revisions in U.S. immigration law initiated by the 1965 amendments to the Immigration and Nationality Act practically ensure that the quality of immigrant cohorts in the 1970's and 1980's differs substantially from the quality of immigrant cohorts in the 1950's and 1960's. These amendments in particular had a major impact on the national composition of the immigration flow.

Prior to the 1965 act the quota system favored immigration of persons from countries that were essentially in Western Europe. These countries have labor markets and industrial structures which greatly resemble those of the United States. So it is not too surprising that once they get here they are highly valued by U.S. employers.

In the post-1965 period the composition of the flows changed from Western Europe to Latin America and Asia. These newer immigrant flows originate in countries that have labor markets quite different from those of the United States. So it is not too suprising to expect that these new immigrant flows do very differently in the labor market than the earlier immigrant flows.

In addition, the 1965 act also shifted the emphasis in the visa allocation system even further away from occupations and skills and toward a family preference system.

All these facts would suggest that the quality of immigrant cohorts probably declined over time and that the finding that the more recent immigrant waves earn less than the earlier waves may have little to do with the adaptation concept but may just be reflecting differences in cohort quality over time.

In recent research I conducted, the 1970 and 1980 censuses were used to track specific cohorts of immigrants. In other words, let's follow immigrants who arrived in this country in the 1960's between 1970 and 1980 and see how they performed. If assimilation is really important, you would expect that the same cohort would have much higher earnings in 1980 comparable to native-born workers than that cohort had in 1970.

After I conducted an analysis of many of these cohorts over the 10-year period, it turns out that immigrant wage growth over that decade was really not much larger than native-born wage growth. So the assimilation experience of immigrants is not really a very important aspect of the immigrant experience in the labor market. Instead, what the research revealed was the existence of very large cohort effects: the earlier immigrant waves earned more upon arrival and more at every single point of their U.S. life cycle than the more current immigrant waves are earning in the labor market.

Representative SCHEUER. What does that suggest to you?

Mr. BORJAS. That the labor market quality of immigrant cohorts had changed substantially over time and has declined in the last 20 or 30 years; the kinds of skills and the kinds of people that we are getting now are different from the kinds of skills and the quality of immigration that were getting 20 or 30 years ago.

Representative SCHEUER. What do you attribute that to?

Mr. BORJAS. Part of it may well be due to the fact that the 1965 amendments changed the origin of the flow. Part of it may be due to the fact that a lot of the people who were measured in the census, or part of them at least, will certainly be illegal aliens who are unscreened by the INS, and part of it may be due to the fact also that there has been a shift away from occupation and skill preferences to family preferences, which tends to lead to a different kind of selection. All these things probably add up to leading to a different kind of skill immigration, apparently.

Representative SCHEUER. Is it your view that shifting away from occupation and skills preference to family preference reduces the quality of skills and literacy and productivity of the immigrant flow that is produced by that change?

Mr. BORJAS. I have no direct evidence that it does, but it is certainly a plausible argument to make to explain what is observed in the data, which is that the more current waves simply do not earn as much in the labor market as the earlier waves did when they arrived.

Representative SCHEUER. What was the country of origin of the earlier waves that you described, 20 or 30 years ago? What were the countries of origin, primarily?

Mr. BORJAS. Prior to the 1965 amendments?

Representative SCHEUER. You compared the productivity and the earning ability and presumably the literacy and the skill level of immigrants that came in 30 years or more ago and the immigrants that are coming in today. What distinguishes those two flows? Is it country of origin? Is it age? Is it sex? Is it education? What is it?

Mr. BORJAS. I looked only at males. So I cannot say it is sex. And I looked at some specific countries and also some racial groups. For example, I looked at Mexican immigration separately, at Cuban immigration separately, at whites and Hispanic, at Asian immigration, and more or less the same kinds of results hold for all these flows. There tends to be a decline over time in the level of earnings that the more recent cohorts are earning compared to the earlier cohorts.

Representative SCHEUER. How do you explain that?

Mr. BORJAS. As I said before, the 1965 amendments probably have a lot to do with it. One other thing which I haven't raised before but which I will raise now is the possibility that when we were getting immigrants from, say, Western European countries, those countries tend to have economies and labor markets which really resemble quite a bit the U.S. labor market. So it is not very surprising to find these people coming into the labor market and having U.S. employers value them very highly. We are now getting immigration from Latin America and Asia, countries that tend to have labor markets very different from the United States labor market. When these new immigrants come in U.S. employers may find they lack some skills that the earlier immigrants have. In that sense, these newer immigrants would perform worse in the labor market.

Representative SCHEUER. Do you see any difference in the levels of skills or level of success in economic integration between the Hispanic inflow and the Asian inflow?

Mr. BORJAS. There are major differences by country. Not just in terms of Hispanic or Asian. Within the Hispanic population and within the Asian population there are major differences as to how people perform in the labor market.

Representative SCHEUER. Can you describe those? Give us some details.

Mr. BORJAS. I conducted one analysis of the Hispanic population in particular. In that population it was clear that the Cuban migration tended to do much better than the other Hispanic migrations. Mexicans tended to do not so well compared to Cubans. Other Hispanics, meaning Central and South Americans, tended to be in the middle. For the Asians, I cannot recall exactly what the differences are at this moment, but there are major differences by country in how people perform in the labor market.

Representative SCHEUER. I ask that you would give us some additional information, putting some meat on the skeleton of this proposition of yours, which is interesting to us.

I appreciate your testimony very much, Mr. Borjas.

Mr. BORJAS. Thank you.

[The prepared statement of Mr. Borjas follows:]

PREPARED STATEMENT OF GEORGE J. BORJAS*

IMMIGRANTS IN THE U.S. LABOR MARKET

There has been a very rapid increase in the number of immigrants admitted to the United States in the postwar period. During the 1950s, for example, an average of roughly 250,000 (legal) immigrants per year were admitted into this country. This number had increased to nearly 400,000 (legal) immigrants per year during the 1970s. This substantial increase in the size of the immigration flow has again renewed the debate on the issue of whether or not the U.S. benefits from immigration.

There are two substantive questions regarding the interactions between immigrants and the U.S. labor market that have received intensive attention in recent research: (1) what is the impact of immigrants on the earnings and employment opportunities of native-born workers?; and (2) how do immigrants do in the U.S. labor market? The first of these questions has probably received the most concern from policy-makers and the popular media. There are endless anecdotes of immigrants arriving in the U.S. and "taking jobs away" from specific groups of native-born workers. Despite the appeal of such anecdotes, there is little systematic evidence to substantiate these claims. Certainly, as immigrants enter the labor market in large numbers it seems reasonable to suspect that these shifts in supply have an impact on the earnings and employment of native-born groups. It should be noted, however, that economic theory cannot predict the direction of these shifts. In particular, immigrants may "substitute" for some native-born workers (as the anecdotal evidence implicitly assumes) or they make "complement" native-born workers in the production process. As will be seen below, most economic studies of this question conclude that immigrants have, at most, a "small" impact on the U.S. labor market, and not a single study in this literature has provided evidence of the large negative impacts traditionally assumed in policy discussions of this issue. It is important to note, however, that the literature on this subject is still in its infancy and that there remain many difficult technical and substantive issues to be resolved.

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The research on the question of how immigrants adapt to and assimilate in the U.S. labor market is much more developed. These kinds of questions are important because if indeed immigrants assimilate rapidly into the labor market, any costs associated with the transition process (such as increases in social expenditures) would be short-lasting. These costs may even be offset if immigrants assimilated successfuly since, in the long run, immigrants would then contribute both high productivity (and high levels of tax payments) to the economy. The initial research on the important issue of assimilation found that the earnings of immigrants adapted very rapidly to the U.S. labor market. In fact, many of the studies in this literature found that after 10-15 years in the U.S., the earnings of immigrants actually began to overtake and surpass the earnings of comparable native-born workers. Assimilation, therefore, was not only rapid, but also was very successful. Some recent studies, however, have raised important technical and substantive problems with these findings and reach less optimistic conclusions: the adaptation of immigrants into the labor market is not as widespread as commonly believed, and, in addition, the earnings of the more recent immigrant waves have little hope of "catching up" to the earnings of comparable native-born workers during the lifetime of the immigrant cohort.

1. The Impact of Immigrants on the Labor Market

The recent analysis of this important question takes the basic theory of labor demand by profit-maximizing firms in a market economy as its point of departure. Employers combine inputs in the production process--such as capital and different types of labor--and produce an output that consumers desire. A well-known result of economic theory is that in a competitive market the various inputs in the production process are paid the value of their contribution to the firm's output. The wage of a particular type of labor will, therefore, depend on the productivity level of that type of labor. The relevant question thus becomes: what happens to the productivity of native-born workers when the supply of immigrants increases?

The answer to this question, however, is theoretically ambiguous. On the one hand, immigrants and native-born workers may be substitutes in the production process: they perform the same types of jobs and have the same kinds of skills. Hence an increase in the supply of immigrants lowers the productivity of the native-born labor force and will lead to a reduction in both native-born wages and employment. This is, of course, the scenario most frequently assumed in policy discussions of this problem.

Alternatively, immigrants and native-born workers may be complements: they perform complementary jobs and have complementary skills. The native-born labor force can then gain by specializing in particular industries and occupations (where it has a comparative advantage) as the supply of immigrants increases, and hence the wage (and employment) of native-born workers rises.

The issue of whether or not immigrants and native-born workers are substitutes or complements is, therefore, an empirical question. Hence it should not be surprising if immigrants compete with some labor groups, and complement others. A number of recent studies have appeared in recent years which provide some empirical evidence on the nature of the technological relationships. The methodology in these studies is basically a comparison of the earnings of native-born workers across labor markets in the United States. If immigrants and native-born workers are substitutes, we would expect that the earnings of native-born workers would be lower in labor markets where the supply of immigrants is relatively high (holding constant other factors which affect wage levels in local labor markets). Conversely, if the two groups are complements, the earnings of native-born workers would be lower in labor markets where the supply of immigrants is relatively low.

The growing consensus in these studies is that the native-born labor force as a whole and foreign-born workers are substitutes in production, but that the magnitude of this effect is weak. That is, an increase in the number of immigrants lowers the wage of native-born workers, but only by a small amount. Available estimates suggest that a 10 percent increase in the supply of immigrants would reduce the average native-born wage level by about half of one percentage point.

The same weak effects are also found when the native-born labor force is disaggregated by race. This allows the estimation of the impact of immigrants on the black and white native-born labor force separately. Contrary to expectation, these analyses reveal that, if anything, immigrants and native-born whites are more substitutable than immigrants and native-born blacks. Again, however, it is important to stress that the numerical magnitudes of these effects are quite small.

These studies do identify one group that is strongly and adversely affected by the increase in the supply of immigrants: the stock of foreign-born persons already residing in the U.S. There is evidence that the earlier waves of immigrants and the newer waves of immigrants are strong substitutes. A 10 percent increase in the number of immigrants admitted to the United States will reduce the wage of foreign-born workers already here by 5 to 10 percent.

Available evidence, therefore, is not consistent with the common assertions that immigrants impose a major cost (in terms of reduced earnings and lost employment opportunities) on the native-born labor force. It is important to stress, however, that these empirical studies are based on analysis of 1970 or 1980 Census data, and thus measure the labor market impacts of immigrants who, on average, arrived in the 1950s or 1960s. There is some evidence that the more recent immigrant waves are substantially different from these earlier waves, and thus the existing evidence on the lack of substitutability between immigrants and native-born workers may not be a good predictor of the labor market impact of the more recent waves.

2. The Adaptation of Immigrants to the Labor Market

How do immigrants do in the labor market? This question, by far, has dominated most of the empirical research in the recent literature. These studies typically use cross-section data (collected at a given point in time, such as the 1970 U.S. Census) and obtain three basic results:

1. The earnings of recently arrived immigrants are significantly lower than the earnings of comparable (in terms of education and age) native-born workers;

2. The earnings of immigrants rise at a faster rate than the earnings of comparable native-born workers; and

3. After 10-15 years, the earnings of immigrants overtake the earnings of comparable native-born workers.

The first two of these findings are typically explained by the hypothesis that upon arrival immigrants lack a variety of skills (such as language) that American employers find valuable. As these skills are acquired over time, immigrants adapt or "assimilate" to the labor market. This adaptation process leads to the earnings of immigrants growing at a faster rate than the earnings of comparable native-born workers. The assimilation hypothesis, however, cannot explain why, after 10-15 years, immigrant earnings overtake those of native-born workers, since there is no convincing reason as to why immigrants should acquire more skills than native-born workers. Instead, researchers typically make an assumption about the selection mechanism guiding the immigration decision: the immigration policies of the United States as well as the emigration policies of the sending countries generate an immigrant flow that is highly select, and that is more able, more motivated, and of higher "quality" (in a labor market sense) than the native-born population of the United States. Given this assumption, it is therefore not surprising that, given the time, immigrant earnings overtake the earnings of comparable native-born workers. The general conclusion of these studies, therefore, was that assimilation was important, occurred rapidly, and that due to the select nature of the foreign-born stock in the U.S., the earnings of immigrants, after a decade or so, began to surpass the earnings of native-born workers.

Recent research, however, questions the validity of these findings. The main fallacy with these conclusions is that they use cross-section data (which is nothing but a "snapshot" of the population at a given point in time) to make inferences about what happens to immigrant and native-born earnings over time. For instance, the typical finding that more recent immigrants earn less than the earlier waves of immigrants may have little to do with the concept of assimilation or adaptation. Instead, it is possible that such a result is generated by the fact that the more recent immigrant waves are simply of lower labor market quality than the earlier waves. There is little reason to suspect that the quality of immigrant cohorts of different vintage has remained stationary over the postwar period. If the quality of immigrant cohorts has declined over time, the cross-section result that recent immigrants have lower earnings than earlier immigrants is generated.

There are two factors which create differences in labor market quality across the immigrant cohorts of different vintage. The first factor arises from the fact that many immigrants eventually return to their country of origin. Estimates of the emigration rate of foreign-born persons in the United States range as high as 20 or 30 percent of a given cohort. It is unlikely that all immigrants have an equal chance of emigrating. Instead, immigrants who emigrate are likely to leave the U.S. for specific reasons. One such possibility is simply that things did not work out for them in the labor market. In a sense, the "failures" leave the United States. If so, the earlier waves of immigrants will be composed mostly of "successes", while the more recent waves (who have not yet had the time to emigrate) will contain both "successes" and "failures" (some of whom will eventually leave). This kind of sample composition will clearly lead to the cross-section result that earlier waves earn more, on average, than the more recent waves even if no assimilation truly exists.

In addition, even if there were no emigration of foreign-born persons, it is unlikely that the average quality of the different waves of immigrants admitted to the United States in the postwar period has remained constant over time. The major revisions in U.S. immigration law initiated by the 1965 Amendments to the Immigration and Nationality Act practically ensure that the quality of immigrant cohorts in the 1970s and 1980s is different from the quality of the immigrant cohorts admitted to the United States in the 1950s and 1960s. These amendments had a major impact on the national composition of the immigration flows. Prior to the 1965 Act, the quota system favored immigration of persons from essentially Western European countries. These countries have labor markets and industrial structures which greatly resemble those of the United States. Hence it would not be surprising if immigrants from these countries had skills and characteristics which are valued by U.S. employers, and thus would be expected to perform quite well in the U.S. labor market. In the post-1965 period, the national composition of the flows shifted towards Latin American and Asian countries. These newer immigrant flows originate in countries with economies and labor markets quite different from those of the United States, and hence these immigrants are likely to lack the skills or human capital that U.S. employers value. It would not be surprising, therefore, if the "quality" of immigrants (as defined by labor market earnings potential) declined as a result of the 1965 Amendments. The 1965 Act also shifted the emphasis in the visa allocation system away from occupations and skills and towards a "family preference" system. These changes, therefore, suggest that the quality of immigrant cohorts probably declined over time, and that the finding that the more recent immigrant waves earn less than the earlier waves may have little to do with assimilation, and may instead be reflecting differences in cohort quality.

In recent research, the 1970 and 1980 U.S. Censuses are used to test among those competing arguments. Specific immigrant cohorts (e.g., immigrants who arrived in the United States between 1960 and 1964) are tracked across the Censuses (i.e., over the 1970-1980 period), and their earnings growth (relative to those of comparable native-born persons) is calculated. If assimilation is an important aspect of the immigration experience, this calculation should indicate immigrant earnings rising faster than native-born earnings over the period. In fact, this is usually not the case. The tracking of a large number of immigrant cohorts over the 1970-1980 period reveals that, in many cases, immigrant wage growth is no larger than native-born wage growth, so that the assimilation of immigrants into the U.S. labor market is not an important aspect of the experience of these cohorts. Instead, this research reveals the existence of large cohort effects: the earlier immigrant waves earned more at every point of their U.S. labor market experience than the more recent waves. There is some evidence, therefore, that the quality of immigrants admitted to the United States has declined in the postwar period.

3. Summary

Recent research on the role that immigrants play in the U.S. labor market has provided three important findings:

1. Immigrants, on average, have had a negative, but numerically small, impact on the earnings of native-born persons. A 10 percent increase in the number of immigrants will decrease the average native-born wage rate by about half of one percentage point.

2. Immigrants do not adapt to the U.S. labor market as rapidly as is commonly believed. For many immigrant groups, the rate of growth of immigrant earnings does not greatly exceed the rate of growth of the earnings of comparable native-born workers.

3. The more recent immigrant waves are of lower quality (in terms of labor market earnings) than the earlier waves. The relatively low earnings of these new immigrant cohorts implies that there is little chance that their earnings will "catch up" with (let alone surpass) the earnings of comparable native-born workers.

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Representative SCHEUER. Barry Chiswick. We are operating under time constraints. Please take 7 or 8 minutes for your oral testimony, and then I am sure we will have some questions.

STATEMENT OF BARRY R. CHISWICK, RESEARCH PROFESSOR, DEPARTMENT OF ECONOMICS AND SURVEY RESEARCH LABORATORY, UNIVERSITY OF ILLINOIS, CHICAGO

Mr. CHISWICK. Thank you, Mr. Chairman. I am pleased to be here to testify before the subcommittee. And, I am also pleased to use the microphone that Beryl Sprinkel has just used, because I think the CEA did an outstanding job in the preparation of the chapter on immigrants in the 1986 Economic Report of the President.

I am going to focus on the theoretical and empirical research findings of myself and others in terms of the long-term economic impacts of immigration.

We have an interest in both the level and the distribution of economic well-being in the United States. This is actually a change from earlier periods in our history. In the 19th century and early 20th century distributional issues were not considered very important. Public policy was not explicitly concerned with inequality or with poverty. But that is no longer the case. Distributional issues play a key role in public policy through massive income transfer programs and through policies to aid disadvantaged minorities.

So when we look at immigration impacts, we have to look at impacts on the level of income as well as the distribution of income, and this is true for all public policies.

Immigrants come in. This increases the labor supply in the United States. This increases the returns to complementary factors of production. It increases the aggregate income of the native population.

Immigration is not a zero-sum game, as it is so often described in the media, but is a positive-sum game. The natives as a whole, as well as the immigrants, gain from the immigration process. Immigrants also increase incentives for capital investment by increasing the rate of return on investments in capital.

But it is not all a rosy story. Immigrants decrease the returns to factors of production that are good substitutes in production for immigrant labor. The influx of, say, 100,000 professors per year would clearly have a depressing effect on the wages of professors, and this is true for all immigrant groups. If you have immigrants of a given skill level, they will tend to have a depressing effect on natives of similar skill levels that are substitutes in production.

So here it becomes key to differentiate among immigrants. All too often immigrants are characterized as if they are a homogeneous group. Some characterize them as being all highly skilled workers. Others characterize them as being all low-skilled workers. And they come up with varying stories as to their impact because of the differential characterization.

High-skilled immigrants have a very different impact than low-skilled immigrants. High-skilled immigrants depress wages for high-skilled natives, but they increase wages for low-skilled natives and thereby reduce inequality and also reduce measured poverty.

Low-skilled immigrants tend to depress the wages and employment opportunities for low-skilled natives in the same geographic areas, but they tend to raise the productivity of high-skilled workers and capital. This results in an improvement of the aggregate income, but it also results in a widening of skill differentials and increases measures of inequality, including measures of poverty.

The U.S. legal immigration system shows very little interest in the skill mix of immigrants. Only about 5 percent of immigrants that come to the United States are skill tested. Most of the others come as relatives of other immigrants or relatives of U.S. citizens, and still others come as refugees. There has actually been a substantial decrease over time in the proportion of immigrants that are skill tested.

We do have various studies that suggest that immigrants who come as kinsmen tend to earn less than immigrants who come with an occupational preference visa.

The greater proportion of immigrants coming under kinship criteria from various countries of origin correlates well with a lowering of the educational level of immigrants coming from those same countries.

The 1965 amendments had an interesting impact on Asian immigration. Before 1965 Asian immigration was largely barred. The 1965 amendments opened up immigration to the United States for peoples from eastern and southern Asia. Very few Asian-Americans had immediate relatives in Asia, and so the earliest Asian immigrants came mainly under the occupational preferences and under the investor category. They were a very highly skilled group. But what we are seeing over time is that these individuals are now in the United States serving as sponsors of their less highly educated, less well-skilled relatives in the country of origin. Although Asian immigrants to the United States still have a very high level of schooling, there is a decline over time in the schooling level of successive cohorts.

Immigrants are remarkable people. They seem to have energy, ambition, and drive. That shows up not only in their decision to migrate to the United States, but also in how well they do in the United States.

I take exception to the conclusions of my colleague, Professor Borjas, that immigrants don't seem to adjust more readily than natives in the United States. Longitudinal studies that I know of contradict what he finds, and these studies suggest that immigrants adjust quite rapidly.

There is an adjustment process. In the early years immigrants, as do other new entrants to the labor market, such as women and youths, engage in labor market investments that are specific to the United States. Some of these investments include learning the language and customs of the United States. With the passage of time they acquire language skills, information about how labor markets operate, and modify previously acquired skills to be more productive in the United States. As a result they experience very substantial, very impressive improvements in their earnings.

But immigrants do differ by skill level. Immigrants who come under kinship preferences rather than under occupational preferences seem to do less well. They have less schooling and they do less well in the U.S. labor market even when schooling level is held constant than the immigrants who are brought in because they themselves are skill tested and enter under the preferences for professionals or skilled workers.

I think the United States can develop a very effective nonracist, skill-based immigration policy that would have even more favorable effects on the level and distribution of the economic well-being of the population of this country than we have under current policies. I would like to point to Canada and Australia as two countries that have adopted skill-based rationing systems that are nonracist.

Actually, in some sense the current policy that we have can be thought of as quite racist. Or perhaps a better term would be one of "nepotism." Nowhere else in public policy do we say not "who are you and what are your characteristics?" but ask rather, as we do in immigration, "who are you related to?" Current policy says: "if you have the right relatives, we will give you a visa; if you don't have the right relatives, well, it is just too bad."

It seems to me that that is not only contrary to the American spirit, but it is also contrary to the economic self-interest of the United States. There are not too many times when the American ideal and economic self-interest suggest the same policy change. This is one of them. We should take advantage of it.

Thank you very much.

Representative SCHEUER. Thank you very much, Mr. Chiswick.

[The prepared statement of Mr. Chiswick follows:]

PREPARED STATEMENT OF BARRY R. CHISWICK

The Gateway

U.S. Immigration Issues and Policies

Edited by Barry R. Chiswick

The Impact of Immigration on the Level and Distribution of Economic Well-Being ....
Barry R. Chiswick

American Enterprise Institute for Public Policy Research
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The Impact of Immigration on the Level and Distribution of Economic Well-Being

Barry R. Chiswick

This paper is concerned with the economic impact of immigration on the population of the receiving country. The analysis considers the effect of immigration on the level and distribution of income of the population of the receiving country under alternative assumptions as to the characteristics of the immigrants and public policy regarding both immigration and income transfers. It considers the implications of variations in the two major policy instruments regarding immigration—the number of visas issued and the criteria for rationing the visas.

There is a presumption that the immigrants themselves gain from the migration, where "gain" is defined broadly to include not only money income but also country-specific consumption (for example, climate), personal safety, and freedom.[1] Indeed, there would be no migration if the immigrants themselves did not expect the benefits from moving, net of the costs and risks inherent in the migration, to exceed the benefits from remaining in the place of origin. The Vietnamese and Cuban "boat-people" are the most recent examples of groups willing to incur high risks, both in terms of their lives and in terms of an uncertain future, to become international migrants.

The impact of international migration on the economic well-being of the native population of the receiving country and the remaining population of the sending country is less obvious. Public policy, often useful as a guide to actual impacts, may not be useful in this instance. At various times, countries have promoted or discouraged either immigration or emigration. In addition, political factors often unrelated to, or contrary to, apparent economic self-interest have determined immigration and emigration policies. The virtual prohibition for nearly a century of immigration into the United States of persons of Asian origin and Israel's policy of encouraging the immigration of Jews, no matter how poor, aged, or unskilled, are but two examples of immigration policies motivated by noneconomic considerations. In recent years, the expulsion of persons of South Asian origin from several East African countries and the restriction on emigration from the Soviet Union are two examples of emigration policies dictated by political considerations.

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[1] For many, international migration is reversible. If the actual experience in the destination falls short of expectations, many return to their countries of origin. For others, return migration occurs when target levels of skills, income, or other assets are acquired, or at retirement. Whereas the extent of return migration is low among immigrants to the United States from some countries (particularly eastern Europe and Cuba), it is high for others (particularly Canada and Mexico).

The Economic Model

The analysis of the impact of immigration will be based on theoretical models buttressed by empirical evidence. Understanding these impacts is important for reasons beyond intellectual curiosity. It is only when the costs and benefits of alternative policies can be ascertained that public policy can be based on a rational decision-making process.

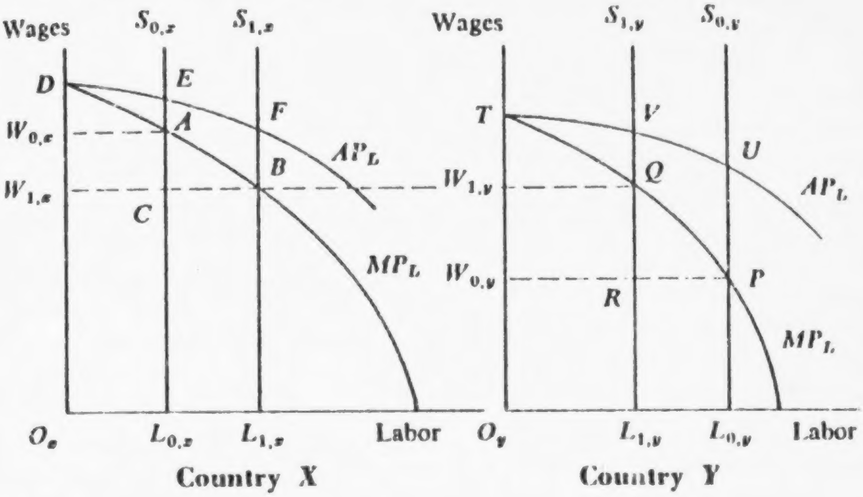
For purposes of exposition, a model of the world in which there are only two homogeneous factors of production, labor and capital, is first developed to present a simple graphic treatment of the issue. This is followed by a more complex model in which workers are differentiated into those with high and low levels of skill. Although most of the essential elements in the conclusions do not change, this extension is necessary because much debate regarding immigration policy is based on the distinction between more-skilled and less-skilled workers.

These models will consider not only the effect of immigration on the aggregate income in the economy but also the effect on the distribution of this income. An immigration policy that would increase average income, but with gainers outnumbered by losers, may not be adopted in a democratic society unless it is linked to income redistribution policies that spread the benefits more widely. The analyses include summaries of empirical studies of the effects of changes in labor supply on relative wages, a key assumption of the theoretical model, and of the impact of immigration. A welfare and social service system that transfers income to the low-income population is also incorporated into the theoretical analysis. With the maximization of the income of the native population as the primary policy objective, the effect on the optimal number of immigrants of alternative mechanisms for rationing visas and alternative treatments of immigrants in the tax transfer system are considered.

An economic mechanism for rationing immigration visas that is not part of current policy is examined. The alternative is a large (rather than nominal) visa fee or a postimmigration surcharge on the income tax. Under this scheme, the native population would receive greater economic benefits from the immigrants and would favor a larger total immigration than at present.

FIGURE 1

SCHEMATIC REPRESENTATION OF THE EFFECT OF INTERNATIONAL MIGRATION ON THE LEVEL AND DISTRIBUTION OF INCOME



NOTE: AP_L = average product of labor
MP_L = marginal product of labor

Two Factors of Production. In a Ricardian model of the economy, there are two homogeneous factors of production, capital and labor, that are not perfect substitutes in production. For a given amount of capital, the marginal product of labor declines the greater the amount of labor in the economy, other things the same. The wage rate is determined by the intersection of the labor supply curve and the downward sloping curve for the marginal product of labor. This is shown schematically in figure 1 for two countries, X and Y. In the absence of international migration, the supply of labor in country X is $S_{0,x}$ and the supply of labor in country Y is $S_{0,y}$. Given their marginal product curves, the wage rates are $W_{0,x}$ and $W_{0,y}$, respectively. Since aggregate income in country X can be represented (figure 1) by the area under the marginal product of labor curve, total income is area $O_xDAL_{0,x}$, of which labor receives the rectangle area $O_xW_{0,x}AL_{0,x}$, and the return to the owners of the country's capital stock is the triangle area $W_{0,x}DA$. In country Y, total income is area $O_yTPL_{0,y}$, which is divided into labor's share, area $O_yW_{0,y}PL_{0,y}$, and capital's share, the triangle area $W_{0,y}TP$.

The situation portrayed by labor supply curves $S_{0,x}$ and $S_{0,y}$, is unstable if the present value of the stream of annual wage differentials ($D_0 = W_{0,x} - W_{0,y}$) exceeds the cost of migration. If there were no cost of migration (including no legal barriers), workers would move from country Y to country X until the wage differential were eliminated, as shown by the new labor supply curves $S_{1,x}$ and $S_{1,y}$ in figure 1. As a result of the migration, wages rise in the sending country and wages decline in the receiving country. At the margin, there is no longer any gain from migrating ($W_{1,x} = W_{1,y}$), and the net migration stream ceases. The earnings of the immigrants have increased, from a wage of $W_{0,y}$ to $W_{1,x}$. Costs of migration, including information about the labor market in the destination, can result in a persisting wage differential even if there are no legal barriers to migration.

The immigration has raised the aggregate income in the receiving country X, but it has also increased the number of workers. Because the capital stock was assumed unchanged, the marginal and average product of labor in X has declined. Average income has fallen from the length $L_{0,x}E$ to the length $L_{1,x}F$. Yet the native population is better off. The average income of the native population has increased because its aggregate income has risen from area $O_xDAL_{0,x}$ to $O_xDBCL_{0,x}$ (that is, the new aggregate income less the income received by immigrant workers).

In addition to the increase in the average income of the native population in the receiving country, there is a change in its distribution by economic function. The total income of capital increases (from area $W_{0,x}DA$ to $W_{1,x}DB$) and the total income of native labor decreases (from area $OW_{0,x}AL_{0,x}$ to area $OW_{1,x}CL_{0,x}$). The rise in the rate of return on capital provides incentives for more domestic investment and for the importation of foreign capital. This results in an outward movement of the marginal product of labor schedule and tends to increase wages for both native and foreign labor in the receiving country. The greater the extent of the increase in the capital stock, the smaller is the net decline in the wage received by native labor. In the limiting case, if the capital-labor ratio returns to its original level and if there are constant returns to scale in the economy, the wage rate returns to its original level. The favorable effect on wages of the growth of the capital stock would encourage additional migration. These second-order effects are not shown in the figure.

The effect of the change in the distribution of income by function on the personal (or household) distribution of income depends on the distribution of ownership of labor and capital. If each native household owned the same amount of labor and capital, the inequality in the personal distribution of income would not change. At the other extreme, if all the capital were owned by one household and labor was the only factor of production owned by the other households, the inequality in the personal distribution of income as measured by the share of income received by the top wealth holder would experience the largest possible increase. Neither extreme characterizes the American economy, and, depending on how capital is measured, the economy is closer to one than the other.[2]

The level and distribution of income in the sending country also change in response to the emigration. As indicated in figure 1, the decline in the supply of labor raises the marginal product of labor from $W_{0,y}$ to $W_{1,y}$ and average income increases from $L_{0,y}U$ to $L_{0,y}V$. The rise in average income among those who remain is accompanied by a change in the distribution of income by function; labor gains and capital loses. The relative decline in the return on capital would discourage investments in country Y and encourage a flight of capital to country X. The effect on the personal distribution of income again depends on the distribution of ownership of capital and labor resources. The more highly concentrated is the ownership of capital, the larger is the decline in income inequality as a result of the emigration. Thus, in this model, emigration has the favorable effects of raising the level and narrowing the inequality of income.

For those accustomed to thinking in terms of "zero sum games," in which one party must lose if another party gains, the implication of the two-factor, two-country model in figure 1 would appear inconsistent. How can each of the three major groups in the international migration model gain? The gains arise from the movement of some workers from where they are less productive to where they are more productive. Because factors of production are not perfect substitutes for each other, marginal products change as factors move; this results in the gains to both the native population of the receiving country and the remaining population of the sending country.

Three Factors of Production. Although the two-factor model outlines the overall economic impact of immigrants on the native population, it is not useful for analyzing the differential impact on various groups in the labor market. A three-factor model, in which there is capital, less-skilled labor, and more-skilled labor, provides greater realism regarding the economy and highlights some important issues regarding the distribution of the economic impact between more- and less-skilled workers.

Recent research suggests that the U.S. economy can be well described by a three-factor constant-elasticity-of-substitution (CES) production function.[3] The three factors are high-level manpower (professionals, managers, and technical workers), all other manpower, and physical capital.[4] The production function and the algebraic manipulations needed to obtain the implications of immigration that are summarized here are presented in the appendix.

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[2] The inequality in the ownership of capital is smaller if the equity of owner-occupied dwellings, automobiles, and wealth in asset-holding pension plans are included in the household's stock of capital.

[3] Using the Dhrymes-Kurz generalization of the constant-elasticity-of-substitution

Within the context of a three-factor model, an increase in the supply of either type of worker due to immigration decreases the marginal product (wage) of that type of labor and increases the marginal product of both capital and the other type of labor. Since aggregate income in the economy increases by more than the total wages of the immigrants, the aggregate income of the native population is increased.

Thus, the immigration of unskilled workers widens the wage differentials between the two types of labor, increases the return to capital relative to the wages of the unskilled, raises the aggregate income of skilled workers and capital, and reduces the aggregate income of native unskilled workers. If the ownership of capital is concentrated, overall income inequality is increased. The immigration increases the return to investments in both physical and human capital. Unskilled native workers have a greater economic incentive to invest in schooling and on-the-job training, although this may be mitigated by the greater difficulty of self-financing human capital investments because of their lower level of wealth.

Suppose, however, the immigrants are skilled workers. This lowers wage differentials between skill levels and lowers the aggregate income of the native-born skilled workers but raises the income of unskilled workers and capital. The immigration raises the return on investment in physical capital relative to human capital. The aggregate income of the native population as a whole also increases. Income inequality in the lower part of the personal income distribution declines, but inequality in the upper part increases. The relative decline in the rate of return on human capital lowers the incentive for native-born unskilled

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(CES) production function, C. U. Chiswick has shown that the data for U.S. manufacturing are consistent with a constant elasticity of substitution, where the pairwise elasticity is about 2.5. She used a two-equation supply-and-demand model in which the demand for professional manpower relative to other factors of production is derived from a three-factor production function in which nonprofessional manpower and capital are the other factors. See Carmel U. Chiswick, "The Rise of Professional Occupations in U.S. Manufacturing: 1900 to 1973," in I. Sirageldin, ed., *Research in Human Capital and Development*, vol. 1 (Greenwich, Conn.: JAI Press, 1979), pp. 191-217.

[4] For simplicity of exposition, the terms skilled and unskilled labor shall be used to designate high-level manpower and other workers, respectively. Thus, unskilled workers in this context are not workers without skill but rather with a lower level of skill.

workers to acquire additional schooling and on-the-job training, although their increased wealth facilitates the self-financing of the investments.

The analysis becomes somewhat more complex if it incorporates the finding that the skills of immigrants vary with the number of years they have been in the destination.[5] As a result, the initial impact of a cohort of immigrants differs from its ultimate impact. In an extreme example, if the immigrants are initially all unskilled when they arrive at their destination, they lower the earnings of unskilled native workers and widen wage differentials. As the immigrants adjust, their productivity rises, and in increasing proportion (in an extreme case, perhaps all) become skilled workers. As this occurs, wage differentials narrow, and the earnings of unskilled native workers increase. Ultimately, if the ratio of skilled to unskilled workers becomes larger among the immigrants than among the native population, relative wage differentials between skill levels are smaller, and the earnings of unskilled native workers are higher than prior to the immigration.

When there is a time path to the skill distribution of a cohort of immigrants, who gains and who loses among native workers, measured in terms of the present value of future income, depends on several factors. Of course, it depends in part on the initial and ultimate skill distribution of the immigrants compared with the native workers. It also depends on the time path of the change in relative skills of the immigrants. The greater the initial and ultimate skill level of the immigrants relative to native workers, and the faster they reach their ultimate skill level, the greater are the gains in income for native unskilled workers and the smaller the gains for skilled workers.

The discount rate of native workers, the rate at which they value today dollars received in the future, is also relevant. The higher the discount rate of unskilled native workers (that is, the smaller the present value of future income), the smaller is the gain to them from the type of immigration just described. Under a high discount rate, the declines in current income are less likely to be offset by the rise in future incomes as the immigrants become skilled workers. On the other hand, the higher the discount rate of skilled workers, the more they would gain from a policy that raised their earnings initially, even though it lowered them in the future.

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[5] The pattern of low earnings on arrival in the United States and a subsequent rise in earnings with duration of residence is least intense for English-speaking economic migrants, more intense for economic migrants from non-English speaking countries, and most intense for non-English-speaking refugees. See Barry R. Chiswick, "The Economic Progress of Immigrants: Some Apparently Universal Patterns," this volume.

Unskilled workers are likely to have a higher discount rate than skilled workers.[6] The difference in discount rates may account for the different level of investment in human capital. In addition, high discount rates may be a consequence of the lower level of wealth of those with less human capital.

If the divergence in discount rates by skill level is sufficiently large, that is, if the unskilled place little value on the higher incomes received in the future while the skilled place little extra value on receiving higher incomes in the present, it is possible for both skilled and unskilled native labor to lose because of the immigration. The income received, however, by the native population as a whole and by the owners of capital would be larger in each and every year; hence the present value of these incomes would also be larger with the immigration.

Immigrants and Investments. There is a presumption that immigrants have higher savings and investment rates than the native population. Immigrants appear to make greater investments in human capital, as evidenced by their investments in migration, including investments made to adjust for the imperfect transferability of the skills acquired in the country of origin. These greater investments may arise from a lower discount rate or from greater labor market ability, that is, a greater productivity of investments. The hypothesis that immigrants have a high savings rate and make greater investments in nonhuman assets is consistent with much folk wisdom regarding immigrants in the United States but has not yet been tested empirically.

The impact of immigrants depends in part on their propensity for saving relative to that of the native population.[7] Even if immigrants bring no nonhuman resources with them, if they have a higher savings rate than the native population, over time the capital stock increases faster than otherwise, increasing the ratio of immigrant-owned to native-owned capital. The increasing capital stock decreases the return on capital, and hence the income of native-born owners of capital and their incentive to invest in capital. As long as the per-capita capital stock is increased, however, the earnings of labor (native and foreign born) and the total income of the native population increase in response to the greater savings rate of immigrants.

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[6] Gary S. Becker, *Human Capital* (New York: National Bureau of Economic Research, 1964), chap. 3; and David Caplowitz, *The Poor Pay More* (New York: The Free Press, 1967), chaps. 6-8.

[7] See, for example, Carlos Alfredo Rodríguez, "On the Welfare Aspects of International Migration," *Journal of Political Economy*, vol. 83, no. 5 (October 1975), pp. 1,065-1,072.

Applications of the Economic Models

The two- and three-factor models have been estimated empirically and have been used to analyze the effects of changes in population size on the level and distribution of income. This section reviews some of these applications.

Two-Factor Model. The two-factor model traditionally has been used to analyze empirically the effects of changes in population size on the level and distribution of income. Jack Hirshleifer, for example, used the model to analyze the impact of the Black Death in fourteenth-century Europe on the income of the remaining population.[8] The plague sharply reduced the population in parts of Europe but did not destroy the nonhuman factor of production—land. The effect would be the same as a mass emigration or the opposite of the impact of a mass immigration. Hirshleifer showed that the population changes due to the plague raised the real wages of labor (the bulk of the population), while land rents declined. Agricultural production shifted to less labor-intensive methods, for example, from tillage to pasture.

The two-factor model is useful for explaining an apparent paradox regarding immigration and the rate of growth of average income. Immigration raises the average income of the native population and, in comparison with their incomes in the country of origin, also the average income of the foreign-born population. Because the average income of the immigrants is less than that of the native population, the immigration lowers the average income of the total (native plus foreign) population. Thus, controlling for other effects, an analysis using a measure of the rate of growth of the income of the total population (for example, using data from national income accounts or household surveys) could show that it is negatively related to immigration and lead to the false conclusion that immigration retards the economic progress of the population.

Indeed, this may explain part (although probably only a small part) of the decline in the rate of growth of average real income as measured by conventional statistics in the decade after 1965. The 1965 amendments to the Immigration and Nationality Act resulted in a 25 percent increase in immigration (from about 300,000 per year to about 400,000 per year) and a shift in immigration in favor of those countries from which the skills of immigrants would be less readily transferable to the United States (that is, Asia). Both factors imply that the rate of growth of the average income of the total population would, for a time, lag behind the rate of growth of the average income of the native population.

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[8] Jack Hirshleifer, "Disaster and Recovery: The Black Death in Western Europe," Rand Corporation Memorandum RM4700-TAB (Santa Monica, Calif., February 1966). For similar findings regarding the effects of the 1918-1919 influenza epidemic in India, see T. W. Schultz, *Transforming Traditional Agriculture* (New Haven: Yale University Press, 1964), pp. 62-70.

Edward Denison used the two-factor model when he analyzed the impact of immigration in his path-breaking volume *The Sources of Economic Growth.*[9] He concluded that "larger immigration is among the most effective means available to stimulate the growth of the total product importantly. It is one of the few that, if continued, could boost the growth rates indefinitely, rather than only temporarily during a transitional period." He concludes that, although immigration might reduce per capita income, particularly if the immigrants are less skilled than the native population, "increased immigration would not reduce per capita income of the present population." [10]

Denison showed that, if immigrant labor is as productive as native labor, there are constant returns to scale, marginal products are nearly constant, and transitional adjustment costs are ignored, then a 1 percent increase in labor supply due to immigration would raise national income by 0.773 percent, that is, by labor's share of national income. If the supply of capital responds to its increased return so that the capital-labor ratio eventually returns to its original level, national income would increase by another 0.197 percent (capital's share). National income would then be higher by nearly 1 percent as a result of the 1 percent increase in the labor force.[11] When he assumes increasing returns to scale at a rate of 9 percent, a rate suggested by his analysis of scale economies, the 1 percent increase in labor inputs raises national income by 0.84 percent if the capital stock is not affected and by 1.06 percent if the capital-labor ratio is restored.

Denison estimated that a 1 percent increase in labor inputs due to immigration, currently about five years' immigration, would have the percentage effect on per-capita incomes shown in table 1.

Smith and Newman used an implicit two-factor model in their study of the effect of differential Mexican immigration on wages in four Texas standard metropolitan statistical areas (SMSAs), using data from the 1970 Census of Population.[12] Controlling for the person's own

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[9] Edward Denison, *The Sources of Economic Growth in the United States and the Alternatives before Us* (Washington, D.C.: Committee for Economic Development, 1962), pp. 177-179, 275-277.

[10] Ibid., pp. 178-179.

[11] The increase would be 0.970 percent. The share of land sites is 0.03 percent of national income, and land sites would not increase in quantity in response to immigration.

[12] Barton Smith and Robert Newman, "Depressed Wages Along the U.S.-Mexican Border: An Empirical Analysis," *Economic Inquiry*, vol. 15, no. 1 (January 1977),

TABLE 1

Capital Accumulation	*Returns to Scale*	*Increasing Returns to Scale (9 percent)*
Rate unaffected	−0.20	−0.14
Capital-labor ratio restored	−0.03	+0.05

characteristics, they found that earnings are a statistically significant 8 percent lower in the three border SMSAs with a substantial proportion of Mexican-Americans than in Houston, which has a small proportion (9 percent) of Mexican-Americans. Even in the border areas, earnings are lower in Brownsville and Laredo (85 percent Mexican-American) than in Corpus Christi (33 percent). They attribute the outmigration of Anglos from the border area to the depressing effect on earnings of the Mexican immigration.

Three-Factor Model. The three-factor model of the economy, in which the factors are unskilled workers, skilled workers, and capital, has been shown to be a useful tool for describing the economy and recently has been used in analyses of immigration to the United States.[13] Over the past few decades, it has also been used in several studies of the labor market impact of immigrants in Israel.[14]

At the time of Israel's establishment in 1948, its Jewish population was composed primarily of immigrants from Europe. They came in large

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pp. 51-66. For similar findings on earnings and unemployment, see Anna-stina Ericson, "The Impact of Commuters on the Mexican-American Border Area," *Monthly Labor Review*, vol. 93, no. 8 (August 1970), pp. 18-27. Larry Morgan and Bruce Gardner use a multisector two-factor model in their paper "Potential for a U.S. Guest-Worker Program in Agriculture: Lessons from the Braceros," this volume.

[13] See, for example, Jeffrey G. Williamson, "Immigrant-Inequality Trade-Offs in the Promised Land: Income Distribution and Absorptive Capacity Prior to the Quotas," and Robert S. Goldfarb, "Occupational Preferences in the U.S. Immigration Law: An Economic Analysis," both in this volume.

[14] For a summary of the literature on mass migration and income distribution in Israel, see Barry R. Chiswick, *Income Inequality* (New York: National Bureau of Economic Research, 1974), pp. 97-101. This includes summaries of Giora Hanoch, "Income Differentials in Israel," *Fifth Report, Falk Project for Economic Research in Israel* (Jerusalem: Falk Project, 1961), especially pp. 44-52; and Uri Bahral, *The Effect of Mass Migration on Wages in Israel* (Jerusalem: Falk Project for Economic Research in Israel, 1965).

numbers with relatively high levels of skill to an economy with a low capital-labor ratio. The result was a low skill differential.

The mass immigration after independence in 1948 consisted of persons with less schooling than those who came in the 1920s and 1930s. The average level of schooling of males aged fifteen and over was 6.6 years in 1957, but it was 7.8 years for those who immigrated prior to 1948. The new immigrants were also at a disadvantage in other forms of human capital. Many came from refugee camps in Europe and poor countries of the Middle East and North Africa. Their level of health was lower than that of the preindependence immigrants, and their postschool training had either depreciated in Europe during World War II or was of little relevance for Israel's rapidly developing economy.

The increased supply of unskilled workers after independence changed relative scarcities. Giora Hanoch wrote that "from a relative abundance of persons with secondary and higher education, and of experts, there developed a quite serious shortage." [15] Uri Bahral's analysis of wages shows that "the relative wage differentials of workers performing different jobs (when comparing high and low-wage groups), on the average widened during the first ten years of the state." [16] He adds that "this relative price of higher paid labor services in Israel should be stressed in view of the downward trend of occupational differentials found in most modern economies and in mandatory Palestine up to the end of the Second World War."

A study of the response of Swiss employers to the decline in the number of unskilled guest workers is also instructive.[17] As a result of the downturn in economic activity in 1973–1974, the Swiss government sharply limited the entry of guest workers, who are primarily unskilled. As a result, about one-quarter million guest workers who left Switzerland between 1973 and 1976 were not being replaced. The employers responded by raising the wages of unskilled relative to skilled workers and by "rationalizing production," that is, by increasing mechanization and automation.

Income Transfer System

Let us now introduce an income transfer system that taxes the population as a whole to subsidize low-income persons. The income transfer system includes a welfare program or negative income tax,[18] social services targeted to the poor, or social overhead capital financed prior to the immigration. It will be assumed that the income transfer system is invariant with the immigration policy; that is, the criteria for eligibility and the schedule of benefits do not change as the number and characteristics of the immigrants change.

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[15] Hanoch, "Income Differentials," p. 44.

[16] Bahral, *Effect of Mass Migration*, pp. 5-6.

[17] D. Maillat, C. Jeaurenand, and J. P. Widmer, "Reactions of Swiss Employers to Immigration Freeze," *International Labour Review*, November-December 1978, pp. 733-45.

The immigration of unskilled workers can increase the aggregate income transfers in two ways. First, the immigrants themselves may qualify for benefits. Second, as the immigration depresses the wages of unskilled workers, a larger proportion of native unskilled workers qualify for some benefits, and some of those already receiving benefits may receive a larger transfer.

In the two-factor model of the receiving country in figure 1, through a tax on capital, each of the $L_{0,x}$ native workers can receive a subsidy of AC to raise their earnings to $W_{0,x}$, with capital still receiving a net increase in income, although the increase is reduced to area ABS instead of area W_1W_0AB. This can occur because aggregate income among the native population has increased. Thus, if the immigrants are excluded from participating in the transfer system, income could be transferred from skilled workers and capital to the unskilled, so as to make everyone at least as well off as before the immigration.[19]

Suppose, however, the transfer system is not permitted to differentiate between natives and immigrants.[20] If both native and immigrant unskilled workers are to be brought up to the income level of unskilled native workers prior to the immigration, the aggregate income (after taxes) of skilled workers and capital must be lowered. If all $L_{1,a}$ workers in figure 1 are to receive the subsidy of AC, the aggregate income of capital must be lower than before the migration.

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[18] As a result of food stamps and other cash and in-kind income transfer programs, the United States has a negative income tax or a guaranteed annual income, even for two-parent working poor families. For the purpose of this discussion, any income- or earnings-contingent public transfer, including unemployment compensation, is treated as part of the transfer system. Reduced taxation of low-income workers has the same effect as increased welfare payments. For a description and analysis of the major welfare programs, see Barry R. Chiswick, "The Income Transfer System: Impact, Viability and Proposals for Reform," in William Fellner, ed., *Contemporary Economic Problems 1977* (Washington, D.C.: American Enterprise Institute, 1977), pp. 347-428.

[19] This assumes that there are no adverse labor supply or capital formation effects of the taxes and income transfers. The income of the native population is lowered to the extent that the tax and transfer systems reduce labor supply and capital formation. The larger these adverse effects, the smaller the optimal level of immigration.

[20] Under the current U.S. law, legal resident aliens generally have the same entitlement to welfare benefits as citizens. The number of illegal aliens receiving welfare benefits of one form or another is unknown. Temporary (guest) workers in the United States, as under the former bracero program, are not eligible for welfare benefits. For a discussion of the legal entitlement to welfare benefits, social services, and access to social overhead capital as of 1977, see David Carliner, *The Rights of Aliens: The Basic ACLU Guide to an Alien's Rights* (New York: Avon Books, 1977), chap. 12.

When there is an income transfer system, the impact of immigrants can also be considered within the context of a three-factor production function. (See the appendix for the mathematical development.) Suppose the immigrants are unskilled workers and the transfers are to bring the earnings of unskilled native workers up to the level it would have been without the immigration, with the skilled workers and the owners of capital made no worse off than before. Because the aggregate income of the native population is increased, this can be accomplished if the immigrants are excluded from the income transfer system but not if they are included in it on the same basis as native workers. Thus, if the progressive-tax transfer system is invariant with immigration policy, the greater the extent to which unskilled immigrants are net recipients of income transfers (welfare benefits, social services, capital dilution), the smaller the optimal size of unskilled immigration.

If the immigrants are skilled workers, however, the wages of native-born skilled workers decline, while the wages of the unskilled increase. In an extreme case, the wage differential between skill levels becomes small (as in preindependence Israel) or even disappears. If the structure of the transfer system does not change, aggregate net transfers received by low-income native workers would decline as their earnings rise. The additional revenues from the taxation of the higher income of capital and lower transfer expenditures could be used to lower the tax rate paid by skilled labor. In principle, native-born skilled workers could be made at least as well off as before the immigration, without eliminating the net gain to the other factors of production.

The transfer system itself may serve as a means of attracting immigrants.[21] For some, the calculus of the costs and benefits of migration to the United States is the comparison of earnings in the country of

[21] As far as immigrants are concerned, it is largely immaterial whether the higher income in the destination is obtained from better job opportunities or a more generous transfer system. The recent increase in return migration from the mainland to Puerto Rico, for example, has been attributed to the 1974 extension to the island of the food stamp program with essentially the same income test and benefit structure as on the mainland. Using a simultaneous equations model, Richard Cebula found that nonwhite inter-SMSA migration between 1965 and 1970 was significantly positively related to the level of welfare benefits. See Richard J. Cebula, "Public Welfare and Non-White Migration: A Note," *Review of Business and Economic Research*, vol. 11, no. 1 (Fall 1975), pp. 97-101. For similar findings, using 1960 census data, see Robert Reischauer, "The Impact of the Welfare System on Black Migration and Marital Stability" (Ph.D. diss., Columbia University, 1971).

origin with income transfers in the United States. For others who intend to work in the United States, the potential availability of transfers acts as an insurance that cushions the loss of income due to unemployment.

The guest-worker programs in several European countries may have been designed with the foregoing model in mind. Under these programs, unskilled workers enter the country, but they do not bring their families with them and they are generally not eligible for income transfers.[22]

In the United States, the Bracero Program (1942–1964) and other temporary worker programs prohibit participants from receiving welfare benefits and most social services. The same situation exists de jure (although perhaps not de facto) for illegal aliens in the United States. If their status were "regularized" and they were allowed to bring their families with them, their greater use of welfare benefits and social services would reduce their net contribution to the economic well-being of the native population.[23] For illegal aliens with low levels of skill and nonworking dependents, the net impact on the native population is likely to change from positive to negative if they bring their dependent family members. This scenario may explain the reluctance of the political system to "regularize" the immigration status of illegal aliens currently in the country, while at the same time devoting so few resources to enforcing immigration law that the Mexican border is porous.

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[22] As an alternative to excluding guest workers from the income transfer system, Melvyn Krauss and William Baumol consider an additional tax on their employment. In principle, this can provide guest workers with access to the social insurance programs without this access having adverse net effects on the native population. This alternative is likely to be easier to administer for short-term guest workers who do not bring dependent family members than for permanent immigrants. If dependent family members are included, unless the tax rises with family size, the program would encourage workers to bring a larger average number of relatives, thereby decreasing the likelihood that the migration is temporary. The employer-tax approach is not operative for guest workers who become unemployed but are discouraged from leaving the country by the availability of income transfers. See Melvyn B. Krauss and William J. Baumol, "Guest Workers and Income Transfer Programs Financed by Host Governments," *Kyklos*, vol. 32 (1979), pp. 36-46.

[23] Most studies of illegal aliens working in the United States suggest that they are disproportionately young males who leave their families in the home country and who make little use of income transfers and social services for fear of being apprehended. See, for example, David North and Marion T. Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study," mimeographed (Washington, D.C.: Linton and Co., 1976). For an econometric analysis of the earnings of illegal aliens, using the North-Houstoun data, see Barry R. Chiswick, "Illegal Aliens in the U.S. Labor Market," *Proceedings, 6th World Congress, International Economic Association, Mexico City*, August 1980 (in press).

Immigrants consume a share, as a first approximation a proportionate share, of social overhead capital such as roads, schools, and flood control projects. In their analyses of the impact of immigrants, both Dan Usher and Julian Simon assume that this capital is paid for by the native population when it is constructed rather than by the total population when it is consumed.[24] The greater the magnitude of the "capital dilution," that is, the greater the extent to which immigrants receive benefits from social overhead capital without contributing to its cost, the smaller the net gain (or the larger the net loss) to the native population from immigration. Most social overhead capital is financed, however, by bonds that are retired by direct and indirect fees levied on the users (for example, gasoline taxes, water taxes), or through general taxes as the capital is consumed. Thus, immigrants pay for their consumption of social overhead capital. Social overhead capital that is paid for by the taxpayers as it is constructed can be subsumed within the income transfer system.

In summary, if immigrants are not included in the income transfer system, the increase in the aggregate income of the native population means that appropriate income redistribution policies can be devised to transfer some income from the native groups that gain, to the native groups that lose, so that no native group loses from the immigration. The welfare and tax systems can be the mechanism for this transfer. This cannot be accomplished, however, if the immigrants themselves are to be substantial recipients of income transfers, that is, if they receive an income substantially in excess of their productivity.

Even if immigrants are not recipients of any net income transfers, unskilled immigrants decrease the earnings and employment of unskilled native workers, thereby increasing the aggregate resources that flow through the income transfer system. The increased administrative costs and the adverse labor supply and capital formation effects of an enlarged tax transfer system reduce the aggregate net output of the native population. Thus, in terms of maximizing the income of the native population, the optimal level of immigration would be largest if the immigrants are skilled, smaller if they are unskilled but do not receive net income transfers, and smallest if they are unskilled and receive income transfers on the same basis as the native population.

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[24] See Dan Usher, "Public Property and the Effects of Migration upon Other Residents of the Migrants' Countries of Origin and Destination," *Journal of Political Economy* (October 1977), pp. 1,001-1,020; and Julian Simon, "The Overall Effect of Immigrants on Natives' Incomes," in this volume.

The Economic Progress of Immigrants

The findings from recent research on the economic progress of immigrants have important implications for immigration policy.[25] Other things the same (including demographic characteristics and levels of schooling), the earnings of economic migrants generally catch up to the native born after eleven to fifteen years for men, and sooner for women, and then exceed the earnings of the native born. The native-born children of immigrants earn 5 to 10 percent more than the children of native-born parents. These patterns emerged for nearly all of the race/ethnic groups studied, with the exception of refugees, who tend to have lower earnings than economic migrants. The findings suggest that economic migrants are favorably self-selected in terms of ability relevant for the labor market and motivation for personal economic advancement. These characteristics would also tend to increase their favorable net effect on the overall economic well-being of the native population.

Refugees take longer to reach the earnings of the native born, if they ever catch up. Apparently this arises from the weaker transferability of their skills and the less intense favorable self-selection of refugees. This implies a less favorable net economic effect on the native population of refugees than of economic migrants with otherwise similar characteristics. Refugees are admitted, however, primarily for noneconomic reasons, such as humanitarian considerations and promotion of U.S. foreign policy objectives.

For reasons that are not yet understood, some immigrant groups are not as successful economically as others. In particular, persons of Filipino and Mexican origin, nearly exclusively economic migrants, apparently earn less in each immigrant generation than persons of Canadian, European, Japanese, and Chinese origin.[26]

Under current U.S. immigration law, less than 10 percent of the immigrant visas issued each year are allocated on the basis of the person's skills or economic opportunities in this country.[27] Nearly 90 percent of the visas are issued on the basis of kinship with a U.S. citizen, resident alien, or kinship with a new immigrant entering under the kinship, refugee, occupational, or nonpreference categories. Even the small number of immigrants who receive an occupational preference visa for their skills are not selected on the basis of their productivity in the United States. Indeed, it is difficult to rationalize the favorable treatment under current regulations of persons with advanced degrees in physical therapy and dietetics compared with others whose skills are more highly rewarded in U.S. labor markets. The economic success of a cohort of immigrants, and their favorable impact on the income of the native population, would be even greater if (nonrefugee) visas were issued primarily on the basis of the person's likely productivity in the United States rather than nearly exclusively on the basis of kinship criteria.

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[25] The empirical findings reported in this section are drawn from Chiswick, "Economic Progress."

[26] For a history and analysis of the economic problems of Mexican immigrants, see Walter Fogel, "Twentieth-Century Mexican Migration to the United States," this volume.

[27] See Goldfarb, "Occupational Preferences," this volume.

Property Rights and Political Rights

The rise in the average income of the native population as a consequence of immigration depends, of course, on the ability of the native population to retain its "property rights" to the nonlabor factors of production that it owned prior to the immigration. If the immigrants, either by themselves or in a coalition with native labor, can effect a nonreimbursed redistribution of the ownership of land and capital through force or the political process, the native owners of land and capital would incur a reduction in income. If this reduction is sufficiently large, the native population as a whole may lose. The greater this potential threat, the less inclined the owners of capital would be to favor immigration or to favor giving recent immigrants rights to participate in the political process.

These concerns are quite realistic. For several centuries, the American Indians were not able to enforce their property rights against the encroachment of Europeans/Americans and therefore lost much of their potential gain from the migration of whites. Mexico lost Texas, and subsequently what is now the southwestern part of the United States, as the result of the migration into Texas of foreigners (that is, U.S. citizens). The first federal legislation regarding immigration was the Alien and Sedition Act of 1798, which gave the president authority for two years to deport "undesirable aliens," that is, radicals who threatened the stability of the current economic order. It is not by coincidence that anarchists were included with criminals, professional beggars, prostitutes and procurers, and carriers of contagious diseases when the list of categories of persons barred from entry was lengthened in the early twentieth century. The adoption of guest-worker rather than permanent immigration programs in western Europe and the greater difficulty in acquiring citizenship in some of these countries (for example, France, Germany, and Switzerland) may be interpreted as an attempt to reduce the role of the foreign born in the political decision-making process.

The simple economic model also suggests why democratic governments are more likely to limit immigration than they are to limit emigration. Immigration results in a lowering of the income of labor, while capital gains. If capital is concentrated in the hands of a minority, more voters lose than gain, unless compensating income redistribution programs are linked to an easier immigration policy. Emigration, however, benefits the more numerous voting group that includes two sets of gainers, workers who expect to remain and those who expect to emigrate, while it is the less numerous group of owners of capital who lose.[28] On the other hand, regimes that have a larger aggregate income as a policy objective, either because they can support a larger military establishment or for other reasons, tend to discourage emigration.

Historically, the immigration policy of the United States has been consistent with this economic model. In the eighteenth and nineteenth centuries, there was little concentration of ownership of capital (land) among those eligible to vote. Those who had only labor services to offer were the native-born poor, recent immigrants, and blacks (first as slaves, then as free people), many of whom were largely disenfranchised through property, literacy, and citizenship requirements for voting, Jim Crow laws, and intimidation. Immigration restrictions were introduced only after an industrial labor force became sufficiently large and had sufficient voting strength to form an effective anti-immigration coalition with xenophobic nativist elements that had ineffectually opposed immigration for a century prior to the restrictions.

During the 1870s, in the absence of federal legislation, various states attempted to limit immigration directly, particularly the immigration of Asians to the Pacific Coast states. These state laws were ruled unconstitutional by the Supreme Court. Yet, from this period, and particularly from the 1890s, until the first major federal immigration restriction against eastern and southern Europeans (the quota law of 1921), those who opposed immigration were gaining political strength and attempting to use state legislation regarding property right as an indirect method of limiting immigration. Along the West Coast, for example, persons ineligible for citizenship were barred from owning land or from acting as trustees of land owned by their native-born children. Since only Asians were barred from citizenship, the clear intent of these laws was to discourage Asian immigration.

Elisabeth Landes reports that the number of states with legislation limiting the hours that women could work increased from eleven in

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[28] This is an addition to (or an alternative to) Jagdish N. Bhagwati's social class hypothesis as to why the educated elites in the LDCs who do not expect to emigrate would oppose a tax that would discourage the emigration of those with high levels of skill. See the general discussion, part one, this volume.

1900 to forty (of forty-eight) and the District of Columbia by 1919.[29] Because of the lower income of their husbands, recent immigrant women wanted to work more hours than native-born women. Landes suggests that the hours legislation was introduced on a state-by-state basis to reduce the employment opportunities of foreign-born women and, hence, as a means of discouraging immigration.

An Alternative Rationing Mechanism

As an alternative, or an additional policy, to increase the gains to the native population from immigration, immigrants could be subject to either entry fees or differential tax rates.[30] The U.S. immigration visa is a scarce resource that substantially enhances the wealth of the lucky few who can qualify under the kinship criteria in current law and the even smaller number who enter under the refugee, occupational, and nonpreference categories. Indeed, substantial resources are sometimes expended to increase the probability of qualifying for a visa, and sometimes marriages occur that would otherwise not take place.[31]

The net impact of immigration on the overall income of the native population could be made more favorable if immigration visas were "sold" rather than rationed on the basis of nonpecuniary criteria. Then persons with the greatest expected increase in productivity from migrating to the United States would have the incentive to pay the largest entry fees and hence would be more likely to immigrate. This would not end the immigration of the relatives of U.S. citizens and resident aliens, as the U.S. relatives could pay for all or part of the visa fee if the immigrants themselves were unable to do so. It would, however, offer a market test to the value of family reunification by removing the kinship preference issue from the political arena and placing it in an economic context.[32] Indeed, in an earlier era when international migration was relatively more expensive and there were no public income transfers to assist immigrants during their adjustment, relatives who had arrived in earlier waves were an important source of financial assistance.

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[29] Elisabeth E. Landes, "The Effect of State Maximum Hours Laws on the Employment of Women in 1920," *Journal of Political Economy*, vol. 88, no. 3 (June 1980), pp. 476-494.

[30] This section was not included in the version of the paper presented at the conference, but it was stimulated by the conference discussion.

[31] The large economic rents are one of the issues of concern in J. Bhagwati, "Taxation and International Migration: Recent Policy Issues," this volume. Goldfarb, "Occupational Preferences," this volume, discusses efforts made to obtain an occupational preference visa.

[32] As a variant, differential prices could be introduced where the entry fee is lower the closer the kinship to a U.S. citizen or resident alien.

Several objections may be raised against using visa fees as a means of rationing admissions. One is the capital market constraint. Because our institutional arrangements prohibit the enforcement of contracts creating slavery (including a fixed-period indentured service contract), human capital is poor collateral for a loan. Many productive immigrants would have difficulty financing a large entry fee. A second objection has to do with refugees who flee their home country, often because of personal danger, and lose their nonhuman assets. We would not want to bar persons whose lives or freedom are in danger because a hostile government in the country of origin has confiscated their assets.[33] A third has to do with the reversibility of migration. Many potential productive immigrants who are uncertain that their immigration is permanent would understandably be reluctant to pay a large visa fee, unless it were partially refundable upon return to the country of origin.

These concerns could be addressed by allowing immigrants to substitute an annual surcharge on their federal income tax as an alternative to the large entry fee.[34] To prevent the surcharge from encouraging unskilled migration and to reduce adverse labor supply incentives, the surcharge on earnings should be largely on a per-capita basis, although some component may be proportional to earnings as a partial insurance.

The visa fees could be set so as to maximize the net aggregate income of the native population. If this were done, the supply of immigrants would be smaller than under a laissez-faire immigration policy (under which anyone could enter), as the net gain from immigrating would be smaller. Under the visa-free system, however, the demand for immigrant labor by the native population would be greater and the number of visas would be larger than under the current nonprice rationing system. Under current policy, much of the gain from immigration is retained by persons who do not participate directly in the political decision-making process, the immigrants themselves and their relatives in the United States, many of whom are not citizens. The visa-fee rationing system would enable the native population to capture more of the gains and hence favor a larger immigration, that is, provide a larger number of visas. It is not obvious that a visa-free rationing system is less equitable than the current policy, as it substitutes a willingness to pay (by the immigrant or sponsors) for the kinship criteria that currently form the basis of immigration policy.

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[33] One of the objections raised separately by Harry Gilman and Andrew Greeley at the conference to U.S. participation in Bhagwati's proposal for a brain drain tax is that refugees would object to making payments to a regime that oppressed them for political, religious, or racial reasons or to a foreign occupying regime. This objection would presumably not apply to the tax proposed here, as it would be levied by the country the refugee is willing to enter.

[34] The annual income tax surcharge would raise another objection, that it is unconstitutional. It is not obvious that the Supreme Court would rule it unconstitutional, as it would be a voluntary substitute for the visa fee. If it were ruled unconstitutional, however, it could be instituted after a constitutional amendment. Failure to pay the surcharge would presumably be treated in the same manner as failure to pay federal income taxes in general. Julian Simon's interpretation of the benefits to the native population from the social security taxes paid by immigrants is consistent with the proposed annual income tax surcharge. See Simon, "Effect of Immigrants," this volume.

Overall Effects of Immigration

Immigrants do not have a uniform effect on the native population. Some native groups gain and others lose. The level and distribution of the effect depend on the relative skill characteristics and property rights of the immigrants and natives.

Although immigrant workers tend to raise the overall income of the native population, the incomes of native workers that are close substitutes in production for immigrant labor decline, while the incomes of other factors of production increase. If the immigrants are not substantial recipients of income transfers either owing to their high level of skill or to denial of access to these benefits, income redistribution programs can be designed to transfer resources from the native groups that gain to the native groups that lose, so that after the transfers no native group loses by the immigration. This cannot occur, however, if the immigrants themselves are to be substantial recipients of these transfers, whether they are welfare benefits, social services, or social overhead capital financed prior to the immigration.

Skilled immigrants tend to raise the level of income of the native population, reduce income inequality, and are not likely to be substantial recipients of income transfers. Unskilled immigrants tend to increase income inequality, are more likely to be substantial recipients of income transfers, and, as a consequence, have a smaller favorable effect (or a negative net effect) on the overall income of the native population. It is perhaps for this reason that several countries have developed guest-worker programs under which unskilled foreign labor can work for limited periods of time, but the participants are not eligible for most income transfers and are not permitted to bring their dependent family members.

The effect of immigrants on the native population changes with their duration of residence, as they acquire more skills specific to their country of destination. That is, as the average skill level of the immigrants relative to the native population rises the longer the duration of residence, the immigrants have a smaller adverse effect (or a larger favorable effect) on the wages of unskilled native workers, and they make smaller use of income transfers for the poor.

Among potential economic migrants, those selected on the basis of their likely productivity in the destination will tend to have a more favorable impact than immigrants selected under rationing mechanisms based on kinship (currently the primary criteria) or a first-come, first-served system. Economic migrants are likely to have a more favorable impact on the native population than refugees of the same demographic characteristics and level of schooling, as the former tend to have higher earnings. This situation presumably arises from the greater international transferability of skills and the more favorable self-selection in terms of labor market ability and motivation for personal economic advancement among economic migrants. Refugee preferences and the emphasis on kinship are included in the immigration policies of many countries because of humanitarian and foreign policy objectives and domestic social and political considerations. These objectives, however, are not without their economic costs.

As an alternative to the current policy of rationing immigration visas on the basis of nonpecuniary criteria, a large (rather than nominal) visa fee or, as a substitute at the immigrant's option, an annual immigrant income tax surcharge is considered. The overall productivity of immigrants would be likely to increase, as productivity criteria would increase in relative importance in allocating scarce visas. This change in rationing criteria is likely to increase the net gain to the native population from immigration both directly from the visa fee and indirectly from the increased productivity of immigrants. The increased benefits to natives from immigration would provide an economic incentive for an increase in the number of visas issued annually.

The change in rationing criteria would not end immigration motivated by a desire for family reunification but would place it in an economic context rather than its current political context, as the U.S. kinsmen who would presumably gain by the migration could assist the immigrant in paying the fee. The annual surcharge on the immigrant's income tax as a voluntary substitute for the visa fee has the advantage of avoiding problems of the capital market financing constraints. It also provides greater flexibility in terms of reemigration, although the visa fee should be partially refundable if reemigration occurs.

If the objective of immigration policy is to maximize the income of the native population, the optimal number of visas per year (that is, optimal annual immigration) would be greatest under a policy that favored skilled immigrants (particularly if it were coupled with the annual immigrant surcharge), smaller under a policy that was neutral with respect to skill but with immigrants denied access to the income transfer system, and smallest under a policy that was neutral with respect to skill but with immigrants given access to the income transfer system on the same basis as the native born. It is the last of these three alternatives that is the basis of current immigration policy.

Appendix: Aggregate Production Function Analysis of the Impact of Immigrants

Aggregate production functions are a useful means of describing the economy. The U.S. economy can be described by a three-factor constant-elasticity-of-substitution (CES) production function. The three factors are high-level manpower (professionals, managers, and technical workers), other manpower, and physical capital, and the pair-wise elasticities are consistent with a CES (σ) equal to about 2.5.[85]

Aggregate output (Q) may be written as

$$Q = \left[\beta_1 H_1^{-\rho} + \beta_2 H_2^{-\rho} + \beta_3 K^{-\rho}\right]^{-1/\rho} \qquad (1)$$

where H_1 = low-level manpower, H_2 = high-level manpower, K = capital stock, and $\sigma = \frac{1}{1+\rho}$ = elasticity of substitution.

The marginal product of each factor of production is

$$MPH_1 = \beta_1 \left(\frac{Q}{H_1}\right)^{1/\sigma}$$

$$MPH_2 = \beta_2 \left(\frac{Q}{H_2}\right)^{1/\sigma}$$

$$MPK = \beta_3 \left(\frac{Q}{K}\right)^{1/\sigma} \qquad (2)$$

An increase in the quantity of unskilled labor, H_1, increases output Q, but at a smaller rate than H_1, so that Q/H_1 declines. Thus, an increase in H_1 due to the immigration of unskilled workers decreases the marginal product of unskilled labor, MPH_1, and increases the marginal product of skilled workers, MPH_2, and capital, MPK. If the number of unskilled workers increases from $H_{1,o}$ to $H_{1,n}$, aggregate income in the economy increases by the integral

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[85] Carmel U. Chiswick, "The Growth of Professional Occupations in U.S. Manufacturing: 1900-1973," in I. Sirageldin, ed., *Research in Human Capital and Development* (Greenwich, Conn.: JAI Press, 1979), pp. 191-217; and Carmel U. Chiswick, "Some Time-Series Evidence on the Aggregate Production Function and Factor Substitution in the U.S. since 1900," mimeographed (Chicago: University of Illinois at Chicago Circle, 1981).

$$\int_{H_{1,o}}^{H_{1,n}} \beta_1 (Q/H_1)^{1/\sigma} \, dH_1$$

After the *n* immigrants arrive, the marginal product of unskilled workers is $MPH_{1,n} = \beta_1 (Q_n/H_{1,n})^{1/\sigma}$ and their aggregate wages are $(MPH_{1,n}) H_1$. Because of the decreasing marginal product of unskilled labor, the increase in aggregate income exceeds the total wages of the immigrants. The change in the aggregate income of the native population is

$$\int_{H_{1,o}}^{H_{1,n}} [\beta_1 (Q/H_1)^{1/\sigma} - \beta_1 (Q_n/H_{1,n})^{1/\sigma}] \, dH_1 \tag{3}$$

which is necessarily positive for any elasticity of substitution between zero and infinity.

Thus, immigration of unskilled workers widens wage differentials, increases the return to capital, and raises the aggregate income of native-born skilled workers, capital, and the native population. The aggregate income of native-born unskilled workers declines. Parallel changes occur if the immigrants are skilled workers.

If the unskilled immigrants are excluded from participating in the welfare system and if there are no adverse labor supply or capital formation effects of income transfers, enough income could be transferred from skilled workers and capital to unskilled native workers so as to make everyone at least as well off as before the immigration. This can occur because aggregate income among the native population has increased.

The rise in the aggregate income of skilled workers and capital exceeds the transfer that would return native unskilled workers to their preimmigration income but not the transfer required to bring all unskilled workers up to this level. That is, the gain in income exceeds the transfer of

$$\beta_1 [(Q_o/H_{1,o})^{1/\sigma} - (Q_n/H_{1,n})^{1/\sigma}] H_{1,o} \tag{4a}$$

but not the transfer of

$$\beta_1 [(Q_o/H_{1,o})^{1/\sigma} - (Q_n/H_{1,n})^{1/\sigma}] H_{1,n} \tag{4b}$$

that would be needed to bring the unskilled native workers and immigrants to the preimmigration level of earnings for unskilled native-born workers. Thus, if both native and immigrant unskilled workers are to be brought up to the income level of native-born unskilled workers prior to immigration, the aggregate income (after taxes) of skilled workers and capital must be lowered.

Representative **Scheuer**. Mr. Espenshade, please take the same 7 or 8 minutes and then hopefully we will have some questions for you.

STATEMENT OF THOMAS J. ESPENSHADE, DIRECTOR, PROGRAM IN DEMOGRAPHIC STUDIES, THE URBAN INSTITUTE, WASHINGTON, DC

Mr. **Espenshade**. Good morning. My name is Thomas Espenshade. I am the director of the Program in Demographic Studies at the Urban Institute.

I would like to thank the Joint Economic Committee for this opportunity to testify on the economic consequences of immigration to the United States.

Let me say at the outset that any views that are expressed in either my prepared statement or my oral statement are solely those of the author(s) and do not necessarily represent the opinions of the Urban Institute or any of its sponsors.

Undocumented immigration raises four specific concerns about the impacts on the U.S. economy.

First, there is the issue of jobs. Some fear that undocumented immigrants take jobs away from native workers and contribute to unemployment because immigrants are assumed to be willing to work for wages below those received by native or legal immigrant workers.

Second, there is the issue of wages. Even if undocumented immigrants do not take jobs away from others, they may depress wages and working conditions.

Third, there is the issue of fiscal impacts. Many feel that undocumented immigrants because of their generally low incomes and large family sizes receive more in tax-supported public services than they themselves pay for in taxes.

Representative **Scheuer**. I believe your prepared statement indicated that they receive approximately twice as much in public services as they pay in taxes.

Mr. **Espenshade**. Yes, when one looks at the State and local levels of government alone. We did not consider the Federal layer in that analysis.

Fourth, there is the broader set of issues related to job creation, effects on price levels and standards of living and U.S. competitiveness in world markets. By relying on inexpensive sources of labor, some companies may be enabled to remain in business in this country whereas they would otherwise have to move offshore or cease production.

Much of the available recent evidence on these four issues comes from an Urban Institute examination of the economic, fiscal, and social effects associated with Mexican immigration to southern California during the 1970's and early 1980's. This study, entitled "The Fourth Wave: California's Newest Immigrants," was published in December 1985.

Regarding employment effects, the first of these issues, we have chosen to focus our attention here on the impact of Mexican immigration on black unemployment, not only because blacks constitute a sizable population in Los Angeles, but also because blacks have had below-average income and above-average unemployment and poverty rates in southern California and may therefore be vulnerable to the presence of Mexican immigrants.

From 1970 to 1982 unemployment rates in the United States more than doubled for adults as well as for teenagers and for all persons as well as for blacks. However, unemployment rates in Los Angeles rose over this same period by just 27 percent for black adults and by 35 percent for black teenagers.

We also examined the determinants of black unemployment rates in two large city samples, one based on 247 metropolitan areas throughout the United States and another restricted to 51 metropolitan areas in California, Texas, New Mexico, and Arizona.

Neither of these analyses provided support for the contention that Mexican immigrants take jobs away from blacks. Black unemployment rates are not increased and, if anything, are lowered by a rise in the proportion of Mexican immigrants in a local labor market. Most of the variation in black uemployment rates among metropolitan areas can be attributed to differences in black educational attainment, in the rate of population growth, in the degree of durable goods manufacturing and construction, and in general labor market conditions.

In discussing the wage effects of immigrants, the second of the economic issues, the impact of immigrants on average wage levels of particular occupations and industries must be distinguished from their impact on the wages of individuals within those occupations and industries. To the extent that immigrants are paid a wage rate lower than the average wage rate, they could bring down average wages in a given employment sector simply by becoming more numerous without necessarily having an adverse spillover effect on the wages of nonimmigrants in that sector.

Perhaps the most striking example in southern California of the widening wage gap is between production and nonproduction workers in the apparel industry, one of the industries with a high concentration of Mexican workers. Between 1969 and 1977 production apparel workers' wages in the United States as a whole went up by nearly 80 percent compared with less than 65 percent in Los Angeles. The wages of nonproduction apparel workers in the United States also went up by about 80 percent, but in Los Angeles the wages of nonproduction apparel workers rose by 100 percent. Thus wages of production workers in the Los Angeles apparel industry lagged behind the wages not only of their counterparts nationwide but also of nonproduction workers in Los Angeles.

But what this analysis has so far failed to address is whether the wages of individual workers were depressed by the influx of immigrants. Many of the policy disputes focus on whether there is any evidence for the existence of worker-specific wage depression, and I turn next to this important issue.

Earlier we reported the results of an analysis based on 247 cities nationwide and on 51 metropolitan areas in 4 Southwestern States designed to assess the impact of varying shares of Hispanics in local labor markets on black unemployment rates. These same samples have been used to examine whether blacks exhibit worker-specific wage depression as the proportion of Hispanics in metropolitan populations increases. In these analyses, the key variable is average black family income in the metropolitan area.

In the U.S. sample, increasing the proportion of Hispanics in an area decreases average black family income, suggesting that worker-specific wage depression does indeed exist. However, this effect is not very important quantitatively. Raising the share of Hispanics in an area from an average of 5 to 7.5 percent, for example, produces a fall in average black family income from about $15,800 to $15,700 a decline of actually less than $100.

In the Southwestern sample, increasing the proportion of Mexican immigrants in a local labor market actually raises average black family income, but the effect, again, is not very significant.

Taken together, these results point to the general conclusion that the presence of Hispanics in local labor markets has little effect, positively or negatively, on black family income.

Representative SCHEUER. Can you distinguish legal Hispanic immigrants from illegal Hispanic immigrants? In other words, when you get a large flow of illegal Hispanic immigrants, presumbly of lower skill, as Mr. Chiswick indicated, probably of lower literacy skills and job skills, does that have a more depressing effect on black employment than a comparable increase in legal Hispanic immigration?

Mr. ESPENSHADE. That is a good question. Unfortunately, in most of the samples that are collected by the Federal Government the distinction between legal immigrant and illegal immigrant is not one that is or can be made.

Representative SCHEUER. It can be. It may not be, but it can be.

Mr. ESPENSHADE. It isn't being made.

Representative SCHEUER. It seems to me that is a distinction with a very real difference and has important public policy implications for us.

Mr. ESPENSHADE. In the case of southern California it turns out that well over half of the Mexican immigrants are undocumented Mexican immigrants—approximately two-thirds in the Los Angeles metropolitan area. The overall conclusion of our prepared statement as I will mention in just a minute, is that there are, on balance, net economic benefits conferred not only to the immigrants themselves but to the native population in the Los Angeles metropolitan area as a result of Mexican immigration. The majority of that immigration is undocumented immigration. Whether the benefits would be even greater if the undocumented share were larger or smaller I cannot say.

Concerns over the economic effects of immigrants are focused not only on employment, wages, and income, but also on public sector revenues and expenditures. What effect do Mexican immigrants have on State and local governments in California? Do Mexican immigrants receive more in public services than they pay in taxes?

Estimates of the fiscal effects of Mexican immigrant households in Los Angeles County were confined to State and local governments in California. Taxes paid to and services provided by the Federal Government were not included, but the inclusion of such taxes and revenues could alter the picture dramatically.

For Mexican immigrant households in Los Angeles in 1980, the gap between services received from and taxes paid to State and local governments is quite pronounced. Estimates of the combined fiscal effects at the State and local levels show that each Mexican immigrant household received an average of $4,800 in Government services in 1980 but paid just $2,600 in taxes. Thus, benefits received outweighed taxes paid by a factor of nearly 2 to 1, producing a fiscal deficit of $2,200 per household.

Fourth and finally, our analysis included some of the broader economic effects associated with Mexican immigration to southern California during the 1970's. More than one-quarter of the 210,000 jobs held in 1980 by recent Mexican immigrants to Los Angeles probably would have disappeared or never have materialized had there been no immigration. Most of these jobs would have been in low-wage manufacturing, for example, in apparel, and some owners would have been forced to go out of business or to relocate outside the United States unless they could have found substitute low-cost labor here.

The Mexican immigrant presence in Los Angeles has meant lower prices for some goods and services, slower price increases, and less rapid escalation in the cost of living in Los Angeles than in the rest of the country. Despite the lower incomes of Mexican immigrants, their presence in Los Angeles did not prevent gains in per capita income that exceeded gains nationwide. In addition, the presence of 220,000 Mexican immigrant households in Los Angeles County in 1980 meant a fiscal stimulus to the county arising from the transfer of $261 million in State revenue from other parts of California. California residents outside Los Angeles County have shouldered most of the burden of the fiscal deficits engendered by Mexican immigrants in Los Angeles, but non-Mexicans in Los Angeles also have had to pay higher State and local taxes.

Taking all these factors into account, the additional jobs for Mexican immigrants and allied workers, the slower increases in prices and in the overall cost of living, the fact that living standards kept pace with the growth in the United States, the fiscal stimulus to the Los Angeles economy, and the higher taxes paid by Los Angeles residents, we conclude that the economic benefits accruing to the average Los Angeles household from the presence of Mexican immigrants probably outweigh the economic costs of fiscal deficits.

Thank you.

Representative SCHEUER. Thank you very much, Mr. Espenshade.

[The prepared statement of Mr. Espenshade follows:]

PREPARED STATEMENT OF THOMAS J. ESPENSHADE

ECONOMIC CONSEQUENCES OF IMMIGRATION

by

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BACKGROUND

The United States is known as a nation of immigrants. Since the country's founding two hundred years ago, millions have come to our shores in search of a better life. Recent estimates suggest that the United States is now accepting nearly twice as many immigrants and refugees as all other nations combined and that legal and illegal immigration together make up about one-third of annual U.S. population growth.

Until the last quarter of the 19th century immigration to the United States was open to practically anyone who wanted to come. Restrictions against particular nationalities were first applied in 1882 with the Chinese Exclusion Act, and numerical limitations were instituted in 1921. The most recent major revisions to U.S. immigration laws occurred with the 1965 amendments to the Immigration and Nationality Act of 1952. These amendments abolished the national origin system, set an annual worldwide ceiling of 270,000 for numerically restricted immigration, and established a preference system emphasizing family reunification for determining priorities for entry.

Largely as a result of the 1965 amendments, legal immigration to the United States has shifted away from Europe toward Asia and Latin America. Prior to the 1960s immigration from Europe constituted a majority of U.S. immigration, but it had fallen to just over 10 percent of total legal immigration by the early 1980s. In contrast, Asian immigration rose from 13 percent of the total in the 1960s to one-half the total in the early 1980s. Legal immigration from Mexico has been relatively constant at around 10 to 15 percent of the total.

In recent years legal immigration to the United States has ranged between annual totals of 550,000 and 600,000. These levels are substantially below those during the first decade of this century when over a million immigrants came each year. Current flows are also below historical averages when viewed as a percent of total population. Although this percentage has been rising somewhat in recent years, it is still no higher than 0.25 percent. This is in sharp contrast to legal immigration in the period 1900-1910 which averaged about 1.5 percent of total population each year. The 1980 Census of Population for the United States enumerated 14.1 million foreign-born persons. Such persons made up 6.2 percent of total U.S. population. Low birth rates during the 1970s coupled with growing levels of legal and illegal immigration resulted in an increase in this percentage from 4.8 percent in 1970. Nevertheless, even by 1980 the foreign-born proportion of the total population was less than half its 1910 level.

RECENT CONCERNS

Paralleling the recent growth in the importance of immigration to U.S. population size and changes in its racial and ethnic composition, there has been a rising concern about the impacts of this immigration on the U.S. economy in particular and on U.S. society in general. Much of this concern has been sparked by the apparent increase in illegal or undocumented immigration to the United States. The U.S. Bureau of the Census, for example, estimated that it enumerated 2.1 million illegal aliens in the 1980 census, three-quarters of whom came to the United States between 1970 and 1980 and one-half of whom were in California. Estimates of the total number of illegal aliens in the United States vary widely, but the most reliable of such estimates put the number in the range of 2 to 4 million in 1980. Since 1980, undocumented immigration to the United States has continued. The Census Bureau's estimate puts it at 200,000 per year. Recent troubles with the Mexican economy coupled with the fall in world oil prices may have accelerated illegal immigration from Mexico.

Undocumented immigration raises four specific concerns about the impacts on the U.S. economy. First, there is the issue of jobs. Some fear that undocumented immigrants take jobs away from native workers and contribute to unemployment because immigrants are assumed to be willing to work for wages below those received by native or legal immigrant workers. Second, there is the issue of wages. Even if undocumented immigrants do not take jobs away from others, they may depress wages and working conditions. Third, there is the issue of fiscal impacts. Many feel that undocumented immigrants, because of their generally low incomes and large family sizes, receive more in tax-supported public services than they themselves pay for in taxes. Fourth, there is the broader set of issues related to job creation, effects on price levels and standards of living, and U.S. competitiveness in world markets. By relying on inexpensive sources of labor, some companies may be enabled to remain in business in this country whereas they would otherwise have to move offshore or cease production.

A REVIEW OF THE EVIDENCE

Much of the available recent evidence on these four issues comes from an Urban Institute examination of the economic, fiscal, and social effects associated with Mexican immigration to southern California during the 1970s and early 1980s. This study, entitled The Fourth Wave: California's Newest Immigrants, was coauthored by Thomas Muller and Thomas Espenshade and published by The Urban Institute in December 1985.

Employment Effects

In June of 1983, not long after unemployment in southern California had reached 10 percent and unemployment among blue-collar workers exceeded 15 percent, The Urban Institute commissioned a poll of southern California residents to obtain their perceptions of immigration and its effects. Nearly half our respondents believed that illegal immigrants take jobs away from other southern California residents and contribute to unemployment. Among blacks in the survey, the proportion was over half—59 percent believed that jobs were threatened. What is the evidence? Do immigrants take jobs away from Americans?

We have chosen to focus our attention here on the impact of Mexican immigration on black unemployment, not only because blacks constitute a sizable population in Los Angeles but also because blacks have had below-average income and above-average unemployment and poverty rates in southern California and may therefore be vulnerable to the presence of Mexican immigrants.

A good starting point is to analyze trends in labor force participation rates during the period 1970 to 1982. A decline in the labor force participation rate of native workers, other things equal, may suggest the presence of discouraged workers—potential workers who become so discouraged at not being able to find work that they no longer look for a job--and therefore a possible loss of jobs for native workers.

Blacks generally, and black teenagers especially, do not appear to have been harmed by immigration in the period from 1970 to 1982. During the 1970s and into the 1980s, adult labor force participation rates increased in the Los Angeles metropolitan area and in California, reflecting a national pattern of rising labor force participation. Throughout the period, participation rates in Los Angeles continued to exceed the national average and maintained a fairly constant lead. Teenage labor force participation rates also increased over the period, and the rates for black teenagers in Los Angeles and the state showed gains relative to the rate for black teenagers in the nation. By contrast, participation rates for all teenagers in Los Angeles declined relative to the national average, dropping below the national labor force participation rate for teenagers by 1982.

Short of dropping out of the labor force, native workers who find their jobs jeopardized by immigrants may experience higher rates of unemployment. From 1970 to 1982 unemployment rates in the United States more than doubled--for adults as well as teenagers, and for all persons as well as blacks. However, unemployment rates in Los Angeles rose over this same period by just 27 percent for black adults and by 35 percent for black teenagers. Therefore, trends in unemployment rates also fail to provide evidence of sharp job competition between immigrants and blacks.

We also examined the determinants of black unemployment rates in two large-city samples--one based on 247 metropolitan areas across the United States and another restricted to 51 metropolitan areas in California, Texas, New Mexico, and Arizona. Neither analysis provided support for the contention that Mexican immigrants take jobs away from blacks. Black unemployment rates are not increased--and if anything are lowered--by a rise in the proportion of Mexican immigrants in a local labor market. Most of the variation in black unemployment rates among metropolitan areas can be attributed to differences in black educational attainment, in the rate of population growth, in the degree of durable goods manufacturing and construction, and in general labor market conditions.

Wage Effects

Another concern that emerged in our 1983 poll of southern California residents was that undocumented workers brought down the overall level of wages in selected occupations. Over two-thirds of all respondents and more than four-fifths of black respondents expressed this belief. Overwhelmingly, respondents identified unskilled jobs as those most affected.

In discussing the wage effects of immigration, the impact of immigrants on average wage levels of particular occupations and industries must be distinguished from their impact on the wages of individuals within those occupations and industries. To the extent that immigrants are paid a wage rate lower than the average wage rate, they could bring down average wages in a given employment sector simply by becoming more numerous without necessarily having an adverse spillover effect on the wages of nonimmigrants in that sector.

Perhaps the most striking example in southern California of the widening wage gap is between production and nonproduction workers in the apparel industry—one of the industries with a high concentration of Mexican workers. Between 1969 and 1977, production apparel workers' wages in the United States as a whole went up by nearly 80 percent compared with less than 65 percent in Los Angeles. The wages of nonproduction apparel workers in the United States also went up by about 80 percent. In Los Angeles, however, the wages of nonproduction apparel workers rose by 100 percent. Thus, wages of production workers in the Los Angeles apparel industry lagged behind the wages not only of their counterparts nationwide but also of nonproduction workers in Los Angeles.

There can be little doubt that the relative wage decline characterizing unskilled manufacturing jobs in Los Angeles is related to the presence of immigrant labor in large numbers, particularly Mexicans and Central Americans. Because immigrant workers tend to be paid less than native workers in the same industry, a growing preponderance of immigrant workers lowers the average wage rate received by all workers in the industry.

What our analysis has so far failed to address is whether the wages of individual workers were depressed by the influx of immigrants. Many of the policy disputes focus on whether there is any evidence for the existence of worker-specific wage depression. We now take up a brief consideration of this important issue.

Earlier we reported the results of an analysis, based on 247 cities nationwide and on 51 metropolitan areas in four southwestern states, designed to assess the impact of varying shares of Hispanics in local labor markets on black unemployment rates. The same samples have been used to examine whether blacks exhibit worker-specific wage depression as the proportion of Hispanics in metropolitan populations increases. In these analyses, the key variable is average black family income in the metropolitan area.

In the United States sample, increasing the proportion of Hispanics in an area decreases average black family income, suggesting that worker-specific wage depression exists. However, this effect is not very important quantitatively. Raising the share of Hispanics in an area from an average of 5 percent to 7.5 percent, for example, produces a fall in average black family income from $15,818 to $15,733, or by just $85. In the southwest sample, increasing the proportion of Mexican immigrants in a local labor market actually raises average black family income, but the effect is not significant. Taken together, these results point to the general conclusion that the presence of Hispanic immigrants in local labor markets has little effect, positively or negatively, on black family income.

Fiscal Effects

Concerns over the economic effects of immigrants are focused not only on employment, wages, and income but also on public sector revenues and expenditures. What effects do Mexican immigrants have on state and local government in California? Do Mexican immigrants receive more in public services than they pay in taxes?

Estimates of the fiscal effects of Mexican immigrant households in Los Angeles County were confined to state and local governments in California; taxes paid to and services provided by the federal government were excluded, although inclusion of the federal level can alter the picture dramatically. For Mexican immigrant households in Los Angeles in 1980, the gap between services received from and taxes paid to state and local governments is very pronounced. Estimates of the combined fiscal effects at the state and local levels show that each Mexican immigrant household received an average of $4,842 in government services in 1980 but paid just $2,597 in taxes. Thus, benefits received outweighed taxes paid by a factor of nearly two to one, producing a deficit of $2,245 per household, nearly four-fifths of which arose at the state level.

This substantial gap between revenues and expenditures for Mexican immigrant households is traceable to several factors, but the two most important are low Mexican earnings and large Mexican families. An analysis of households in Los Angeles County, for example, shows that about 220,000 households—one out of every twelve households enumerated in Los Angeles County in 1980—were headed by a Mexican immigrant. The average size of these Mexican immigrant households was 4.25 persons, considerably larger than the average (2.54) for non-Mexican immigrant households. The average income of the Mexican immigrant households was $15,256, two-thirds of the $22,480 average for all households in Los Angeles County.

It is worth emphasizing that, because these deficits are largely the product of the low socioeconomic status and above-average sizes of Mexican immigrant households rather than of their immigrant status per se, households with similar demographic and economic characteristics and having native-born household heads could be expected to have similar fiscal impacts. Moreover, there is some evidence suggesting that the fiscal deficit attributable to Mexican immigrant households decreases with length of stay in the United States. Barry Chiswick, for example, has shown that immigrant wages reach the level of native wages ten to fifteen years after immigrants arrive in this country.

It is also important to note that the exclusion from the study of undocumented persons not counted in the 1980 census could affect the fiscal-balance picture for immigrants. Because many of these undocumented persons are single, have jobs, and demand fewer public services than other immigrants, they probably produce a small fiscal surplus. Including their contribution in the estimates, however, would probably not change the deficit balance produced by Mexican immigrant households in 1980, particularly at the state level.

Broader Economic Effects

Finally, our analysis included some of the broader economic effects associated with Mexican immigration to southern California during the 1970s. More than one-quarter of the 210,000 jobs held in 1980 by recent Mexican immigrants to Los Angeles probably would have disappeared or never have materialized. Most of these jobs would have been in low-wage manufacturing (for example, in apparel), and some owners would have been forced to go out of business or to relocate outside the United States unless they could have found substitute low-cost labor here.

The Mexican immigrant presence in Los Angeles has meant lower prices for some goods and services, slower price increases, and less rapid escalation in the cost of living in Los Angeles than in the rest of the country. Despite the lower incomes of Mexican immigrants, their presence in Los Angeles did not prevent gains in per capita income that exceeded nationwide gains. In addition, the presence of 220,000 Mexican immigrant households in Los Angeles

County in 1980 meant a fiscal stimulus to the county arising from the transfer of $261 million in state revenue from other parts of California. California residents outside Los Angeles County have shouldered most of the burden of the fiscal deficits engendered by Mexican immigrants in Los Angeles, but non-Mexicans in Los Angeles also have had to pay higher state and local taxes.

Summary

Taking all these factors into account—the additional jobs for Mexican immigrants and allied workers, the slower increases in prices and in the overall cost of living, the fact that living standards kept pace with the growth in the United States, the fiscal stimulus to the Los Angeles economy, and the higher taxes paid by Los Angeles residents—we may conclude that the economic benefits accruing to the average Los Angeles household from the presence of Mexican immigrants probably outweigh the economic costs of fiscal deficits.

These conclusions parallel those in a chapter on "The Economic Effects of Immigration" contained in the 1986 Economic Report of the President:

> For much of the Nation's history, U.S. immigration policy has been based on the premise that immigrants have a favorable effect on the overall standard of living and on economic development. Analysis of the effects of recent migrant flows bears out this premise. Although an increasing number of migrants, including many illegal aliens, have entered the country in recent years, inflows are still low relative to population and relative to U.S. labor force growth.
>
> International migrants have been readily absorbed into the labor market. Although some displacement may occur, it does not appear that migrants have displaced the native-born from jobs or have reduced wage levels on a broad scale. There is evidence that immigration has increased job opportunities and wage levels for other workers. Aliens may also provide a net fiscal benefit to the Nation, often paying more in taxes than they use in public services. Immigrants come to this country seeking a better life, and their personal investments and hard work provide economic benefits to themselves and to the country as a whole (p. 234).

POLICY OPTIONS

Immigration to California and to the total United States is likely to accelerate between now and the end of this century. Job opportunities and the large number of immigrants already in this country will continue to attract new immigrants. In addition, in many of the developing countries that send migrants to this country, rapid population growth combined with economic and political difficulties act as a powerful incentive for migration.

The most effective policy response to these trends is not clear, especially because the accumulating evidence suggests that the economic benefits of recent immigration (including undocumented immigration) are positive. One obvious response is stepped-up enforcement of our current immigration laws. However, stronger measures designed to restrict the flow of undocumented workers to the United States have been introduced into the 99th Congress. The two bills receiving the most attention are sponsored by Sen. Alan Simpson (R-Wyo.) and Rep. Peter Rodino, Jr. (D-N.J.). Both bills contain provisions to penalize employers who knowingly hire undocumented workers. The intent of the employer sanctions is to reduce job opportunities for illegal aliens in the United States, thereby removing a major motivation for workers to enter without proper documentation.

Although similar in intent and scope, the bills differ in several respects. For example, amnesty for certain undocumented aliens living in the United States since 1982 would be automatic under the Rodino bill. Simpson's amnesty clause contains provisions for the legalization of undocumented aliens residing in the United States since 1980 three years after enactment of the bill or after it has been determined that employer sanctions are working. Moreover, Rodino's bill requires all employers to verify the legal status of prospective employees whereas employer verification procedures are optional in

Simpson's reform proposal and only apply to employers of four or more persons. The employer sanction provisions of the Rodino and Simpson bills are similar; both bills provide for civil and criminal penalities against employers who knowingly hire undocumented workers.

The inclusion of criminal penalties in the Rodino and Simpson reform proposals is important from the standpoint of increasing the ability to control undocumented immigration. The experience of other nations—West Germany, for instance—suggests that fines alone have little effect on the use of undocumented workers. Many employers consider the fines part of "the cost of doing business." Even with stiff employer fines and criminal penalties, it would be virtually impossible to police millions of employers. Enforcement of employer sanctions will rest ultimately with the employers themselves.

CONCLUSIONS

In concluding this presentation, we must return to the fundamental issue of whether there is a need for U.S. immigration reform. There are two reasons for asking this question. First, 88 percent of the more than one thousand respondents included in The Urban Institute's opinion survey of southern California residents interviewed in the summer of 1983 described the problem of illegal immigration as serious or somewhat serious. Moreover, close to 70 percent felt the influx of illegal immigrants into the southern California region had either a very unfavorable or a somewhat unfavorable effect on the state as a whole. But survey respondents were hard pressed to identify specific disadvantages attributable to undocumented immigrants. For example, survey respondents were about evenly divided on whether illegal immigrants took jobs away from other residents.

Second, at the time our survey was conducted, both houses of Congress were engaged in a debate over the various provisions of the Simpson-Mazzoli immigration reform proposal. We asked southern California residents whether they had heard of the Simpson-Mazzoli bill. Only 20 percent were familiar with the bill, and about 7 percent thought they might have heard of it but were not sure. Of the 20 percent of survey respondents who had some knowledge of the Simpson-Mazzoli bill, nearly half (42 percent) knew only the name and could not recall anything more specific. Therefore, despite the general impression conveyed by public opinion surveys that there is overwhelming public support for U.S. immigration reform, the sobering statistics cited in this paragraph make one wonder just how deep this support is.

Finally, many different interest groups are battling over the provisions of the Simpson bill, and the House has yet to vote on the Rodino bill. Whether either of these proposals will actually curtail the flow of undocumented immigrants depends not only on the specific provisions of the new legislation but also on the rigor with which they are enforced. The danger is always that any new legislation will be simply cosmetic--that legislators will think they have solved the problem because a new bill has been passed--and that no real change will be implemented because of insufficient follow through on the enforcement side. This outcome is perhaps all the more likely in the wake of the Gramm-Rudman-Hollings bill and the renewed sensitivity to increased government spending.

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Representative SCHEUER. All three of you have given us a great deal to chew over.

I am going to ask a question to all three of you, to separate legal from illegal immigration and tell us whether your conclusion would still stand, Mr. Espenshade, and whether you would agree with the conclusion of the Council of Economic Advisers in their report that the economic pluses, the economic benefits exceed the economic detriments or the economic costs. I am only talking about illegal immigration.

Mr. ESPENSHADE. I think I would agree that the benefits would still outweigh the costs if one restricted attention to undocumented Mexican immigrants, because they constitute the majority of Mexican immigrants in southern California, and I do find myself in agreement with chapter 7 of the 1986 Economic Report of the President.

Representative SCHEUER. Mr. Chiswick.

Mr. CHISWICK. We have recently completed a large study in the Chicago labor market on illegal aliens and their employers. Quite interesting findings emerged having to do with the employment patterns and wage rates of illegal aliens. The view that illegal aliens are locked into dead-end jobs with little prospect for improvement seems to be completely at variance with the data for the Chicago labor market.

We are soon going into the field for a nationwide study sponsored by the Immigration and Naturalization Service. We will be able to then speak more intelligently about the country as a whole.

As a direct answer to your question, I would like to separate the illegal aliens into two groups, those who come by themselves as workers—and those who come with dependent family members. We don't have hard data on this, but putting together various pieces and trying to construct a puzzle, it seems that illegal aliens who come without dependent family members are probably a net plus. Low-skilled illegal aliens who come with dependent family members may well be a net minus.

The difference has to do with the impacts on the income transfer system. The greater the use of the income transfer system and various social services, including educational services and health services, the more negative would be the impact of illegal aliens who come with dependent family members.

One of the concerns I have about amnesty is that it not only provides legalization to the illegal aliens, but it also provides legalization to their dependent family members, not simply those here in the United States, but also, because of the provisions of our immigration law, dependent family members back home. If this is, as seems to be the case, a low-skilled population, then the negative impact on the income transfer system might be quite significant.

Representative SCHEUER. All right. I am going to call on Mr. Borjas to answer that same question, but I am going to give all three of you notice that my next question is going to be on the bottom line to tell us what public policy recommendations you would have for this Congress. This is cutting through all the fog and the fuss and feathers. Basically, we are here to learn what we need to know to legislate better, more wisely.

So tell us, Mr. Espenshade, Mr. Chiswick, and Mr. Borjas, after I get to you on this other question, Mr. Borjas, as succinctly as you can, what public policy recommendations, what legislative recommendations you would have as a result of your synthesis of the very interesting, very stimulating testimony that you have given us today.

Mr. Borjas, on the previous question.

Mr. Borjas. Most of the studies that have been conducted on the impact of immigrants on the labor market have really used census-type data, except for the study that Professor Chiswick just alluded to. The overwhelming evidence really is with the census-type data, and that shows a small impact.

It is really very hard to jump from that kind of evidence to any kind of evidence that says let's separate those people into legal and illegal aliens, because the data simply will not allow you to do that. So I am very skeptical of any kind of jump or leap of faith in some sense that one has to make from those studies to any kind of generalized statement as to the separate impact of legal and illegal aliens on the labor market. I do not think we have enough evidence really to address that question intelligently yet. I would really have to wait for the results of these more specialized surveys on illegal aliens before I could answer something like that.

Representative Scheuer. In Congress every day that we don't act we do act, and all of us in our personal lives, in our professional lives act on the basis of imperfect knowledge. We never have a perfect knowledge base before making not only day-to-day decisions, but important decisions. Our military makes decisions involving life and death without a perfect knowledge base. Are you telling me that with all of these 46 studies, with all of the millions of dollars that have been spent on research right now, we don't have enough information to come to any value judgments of the results on our economy between legal immigrants and illegal immigrants?

Mr. Borjas. I am saying that we have less than imperfect information here.

Representative Scheuer. I know we do. You can take that as a given on any matter on which we legislate.

Mr. Borjas. I myself am not willing to say, from the studies that I have conducted or the studies that I have seen that are scientifically conducted in a reasonable sort of way, that any of those studies really that look at census-type data has anything to say about the impact of legal or illegal aliens, because we just don't have the data to separate out the pool of immigrants, whether they be Mexicans or Cubans or Chinese, into these categories, into these legal categories. So we have the net impact, and the net impact is small. That is consistent with a variety of scenarios as to what the separate impacts are.

Representative Scheuer. Very good.

Now I would like to hear from all three of you, reasonably succinctly, as to what the public policy implications are of your testimony and the testimony that you heard of your colleagues and the discussions. If you can, tick off any recommendations you have, one, two, three.

Mr. Espenshade.

Mr. **Espenshade**. Let me try to be brief and let me also say that I am speaking in a personal capacity.

Representative **Scheuer**. No more disclaimers are necessary. You have made that quite clear.

Mr. **Espenshade**. Point No. 1. I believe that it would be prudent to mount a stronger enforcement of our current law.

Representative **Scheuer**. Are you talking about hardening up the borders?

Mr. **Espenshade**. Yes. I think that it is preferable to enforce the policy at the border rather than the place of employment, and I do not think that in the long run a reliance on employer sanctions is going to work.

Representative **Scheuer**. Is an employer sanction factor a reasonable complement to enhanced border security? In other words, is turning off the magnet a part of lessening the flow of people over the borders? We can make it more difficult for those who want to come over and we can reduce the flow of those who want to come over by turning off the job magnet. Are these complementary programs?

Mr. **Espenshade**. I would agree they are complementary, and really it is not an either-or choice; it's a question of emphasis.

Point No. 2. I would favor bringing all legal immigrants under one numerical ceiling rather than having certain legal immigrants come and not be subject to numerical limits.

Representative **Scheuer**. You are talking specifically of the family preferences that don't come under any numerical limit.

Mr. **Espenshade**. Yes.

Point No. 3. I think it is important to pay more attention to the processes of immigrant adjustment and adaption once legal immigrants do come into this country. There is a tendency in the current law, I believe, for the policy to concentrate on deciding who can and who cannot come to this country, and once immigrants are in this country, lesser concern is shown about policies that can promote their incorporation and integration into U.S. society. So I think that in some general way more attention to this process of immigrant adjustment is warranted.

Representative **Scheuer**. Specifically, just tick off a laundry list of the kind of things you are talking about.

Mr. **Espenshade**. I am hard pressed at this point to come up with some specifics. I think the Swedish policy toward immigrants goes some way in the right direction. I would be happy to provide some comparative information.

Representative **Scheuer**. I wish you would. Yes; provide information about the Swedish experience and also your own recommendations of a specific laundry list of things that we could do to ease and enhance the economic integration as well as the social integration of immigrants into our society.

Mr. Chiswick.

Mr. **Chiswick**. Thank you. Let me offer two major themes as my wish list for changing policy. One has to do with illegal aliens and the other has to do with legal immigrants.

For illegal aliens, I think the enforcement of current policy is pretty much a waste of resources. We have a large number of apprehensions at the border, but the deterrent effect is very, very small. The reason the deterrent effect is very, very small is because of what happens to an illegal alien apprehended at the border. He is put on a bus; he is sent back over the border; and he tries again the next night. That is the way to get a lot of apprehensions per dollar but very little deterrence per dollar.

Representative SCHEUER. And very little interdiction per dollar.

Mr. CHISWICK. Studies of the economics of crime indicate that it is not just apprehension; it is penalties that matter. What we need are meaningful penalties on the apprehended illegal alien.

Representative SCHEUER. What kind of penalties?

Mr. CHISWICK. For higher skilled illegal aliens, the penalties can take the form of monetary fines, as well as deportation and the loss of future rights to immigrate legally. For lower skilled illegal aliens, monetary fines obviously would not work. Detention facilities would work. A 3-month detention during the on season, because much of this illegal immigration is seasonal, would have a very substantial deterrent effect, as would the imposition of meaningful penalties like barring apprehended illegal aliens from having future rights to immigrate legally to the United States.

Representative SCHEUER. Do you mean 3 months of detention in a Mexican penal facility or in an American penal facility? There is a heck of a big difference in deterrent effects.

Mr. CHISWICK. In terms of the costs, it would depend upon who is financing the penal facility.

Representative SCHEUER. Let's assume that we were willing to finance it and the option was having the incarceration here or in Mexico.

Mr. CHISWICK. I think incarceration in a Mexican facility would have a greater deterrent effect.

Representative SCHEUER. I thoroughly agree with you.

Mr. CHISWICK. Without penalties on those who violate the law, the illegal aliens, there is no hope, no matter what else is done, of having a significant deterrent effect in our policies.

One of my very great concerns about employer sanctions is that sanctions are effectively a turnover tax on employment. It's like a hiring tax. Every time an employer hires a worker it has to go through some process to protect itself. There are certain groups of workers for whom this tax is relatively more burdensome: the lower wage, lower skilled workers, particularly those who have a high rate of job turnover.

Representative SCHEUER. More burdensome on who, the employer or the employee?

Mr. CHISWICK. If it is more burdensome on the employer, it shows up in its effects on the employee.

Representative SCHEUER. How?

Mr. CHISWICK. Let me give you an example. Suppose I can choose between two production processes. One involves 100 low-skilled workers and they turn over frequently, every week. The other involves putting in a machine and one skilled worker. Suppose the cost of checking legal status is $10. For 100 workers per week at $10, there is an extra cost of $1,000 per week from using this production technique, compared to the $10 extra cost for using the other production technique that uses a machine and a skilled worker. So the low-skilled workers will pay the price even if the tax is levied on the employer.

Representative SCHEUER. Supposing it is just one phone call. Supposing we invoke the system that has been suggested whereby each legal alien would be given a number that would go into a computer and that each prospective employer would call an 800 number and the employer would give the number and say is that person legal. That probably wouldn't cost $10.

Mr. CHISWICK. Even if it is $1, so we are comparing $100 versus $1, and for workers with low wages in high-turnover jobs that is a high proportion of wages. These are jobs that youths and women and minorities are more likely to be in than prime-age adult males.

Representative SCHEUER. The next public policy question I would ask you to consider when you submit additional remarks is, from the public policy point of view for our country, is our economy and our society better off eliminating 100 high-turnover, very low-paid jobs that do constitute a magnet for illegal immigration, which presumably we want to bring under control, and substituting these high-turnover, low-paid jobs with a far better paid worker who has the benefit of a significant capital investment behind him so that he or she is much more productive in the American tradition that has gone on for well over 100 years?

Mr. CHISWICK. I think the ones who would pay the greatest price would be the very same native low-skilled workers who you want to help by reducing the illegal flow. It is not clear that they would have a net gain when you impose this kind of system as a mechanism for reducing illegal immigration.

But let me go on to talking about legal immigration. I think there has been much too little attention given in Congress to modifying the current system for legal immigration.

I think that we can reduce the degree of nepotism in our current immigration law and get greater economic benefits if we would ration nonrefugee visas—I am not talking about refugees; that's a separate category—on a point system where the heavy preponderance of points were allocated on the basis of the individual's skills and likely productivity in the United States. We can reserve a very small number of points for immediate relatives of U.S. citizens.

In the current system, even those who are brothers and sisters of citizens, some of whom came to the United States only 5 years earlier, have rights to immigrate to the United States regardless of their likely economic impacts on the U.S. economy.

A skill based point rationing system can be implemented in a race neutral manner. I am not talking about using this as a backdoor way to return to a racist or national origin system. I think it is less subject to those problems than the current system, and it has been implemented very successfully in other countries. I think it could be implemented very successfully and would actually gain a great deal of public support as an essentially fair and equitable system that judges people on the basis of who they are.

Thank you.

Representative Scheuer. Thank you, Mr. Chiswick. I would request that you give us additional information on the details of how this would operate and the experience of other countries that have used such a system.

Mr. Chiswick. I shall do that.

Representative Scheuer. Thank you.

[The following additional information was subsequently supplied for the record:]

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RECEIVED

WASHINGTON OFFICE
JAMES H. SCHEUER M.C.

May 27, 1986

The Honorable James H. Scheuer
Joint Economic Committee
Congress of the United States
Washington, D.C. 20510

Dear Congressman Scheuer:

I was pleased to have the opportunity of testifying before your Joint Economic Committee subcommittee on May 22nd.

In response to your request for further details regarding my proposals for immigration reform enclosed are my papers:

1. "Guidelines for the Reform of Immigration Policy"
2. "The Illegal Alien Policy Dilemma"
3. "Illegals Should Pay for Breaking the Law"

Also enclosed is a bibliography of my research on immigration and racial and ethnic groups.

The approach to immigration reform adopted over the past decade is trapped in a legislative deadlock. I believe that this reflects the inconsistancies inherent in the Simpson-Mazzoli approach. My papers develop a consistent, humane and economically sound alternative.

Let me know if I can be of further assistance in the development of a sound immigration policy.

Sincerely,

Barry R Chiswick

Barry R. Chiswick
Research Professor

BRC:jhm
enclosures

Los Angeles Times

Wednesday, October 9, 1985/Part II

'Illegals' Should Pay for Breaking the Law

By BARRY R. CHISWICK and CARMEL U. CHISWICK

Illegal immigrants to the United States are apprehended at a rate of more than 1 million a year, mostly along the border with Mexico. Current enforcement policy involves immediate deportation without penalty, so the would-be immigrants are free within a day or two to try again.

It is obvious that any attempt to enforce the immigration laws with virtually no cost to the lawbreaker is destined to perpetuate the revolving-door along our southern border. Yet policymakers have been slow to recognise this, and all of the recently proposed legislation for immigration reform suffers from the same fatal flaw: Punishments are meted out to accessories (employer sanctions), but the lawbreakers themselves are rewarded (amnesty).

This is analogous to trying to reduce interstate highway driving speeds by punishing the automakers for selling cars that go more than 55 m.p.h., without imposing any penalties on offending drivers.

Of course, we do impose penalties on drivers who violate the speed limit, through dollar fines, "time fines" (the delay when stopped, court appearances, detention for repeat offenders), and administrative penalties (suspension or revocation of the driver's license). Similar penalties are imposed for lawbreakers in every other category. Why not illegal immigrants?

Why are we as a nation so reluctant to impose on illegal border-crossers the type of penalties that we routinely accept for ourselves when we violate the law of the land?

Part of the answer lies in an outdated but persistent stereotype of Third World people, especially those from "peasant" backgrounds, as innocents tempted by the lure of high consumption. (One prominent witness before a Senate subcommittee drew the analogy of the "kid in a candy shop" when explaining why so many people from the Third World want to come here.) To the extent that we hold this view, we tend to be tolerant of this childlike helplessness in the face of temptation, and are correspondingly reluctant to hold the offender fully responsible.

Yet there is no question that the people crossing our borders are mature, decision-making individuals, and should be respected as such. They have more information about our society, about our working conditions, about our border enforcement policy, and about their chances of obtaining legal entry than any previous generation of immigrants.

Even if this information is imperfect, there is every reason to expect that an increase in the penalty associated with apprehension, as well as the probability of being apprehended, would lead to a reduction in the number of people trying to cross our borders illegally. It is patronizing in the extreme to hold the employer accountable for an immigrant's behavior.

The key to reducing illegal immigration—and to more efficient use of immigration resources—is to stop the revolving door by imposing penalties on apprehended illegal aliens.

Of course, money fines would be inappropriate for the poverty-stricken, but temporary detention would be a definite deterrent: an agricultural worker who missed a key harvest season and was sent home empty-handed would think twice about attempting to cross illegally again.

This proposal for detention is not to conjure up images of barbed wire and concentration camps. Few apprehended illegals would require more than the minimum-security facilities that we maintain for our own citizens, and we can assume that the media and other concerned groups would continue their current interest in the humane treatment of detainees.

Once meaningful penalties were imposed, the number seeking illegal entry would fall to a small fraction of the present volume.

In contrast, the current proposals of amnesty combined with employer sanctions actually would reward those who enter illegally, delaying further the entry of law-abiding foreigners who are eligible but are still waiting for visas.

Amnesty and sanctions cannot possibly have a deterrent effect. As long as the standard of living in the United States is so much higher than that of the illegal immigrants' home countries, the possibility of another amnesty in the future would simply encourage them. And the prospect of sanctions would give employers incentive to burrow deeper into the underground economy, beyond the scrutiny of federal authorities, the media and private watchdog groups, to a level of working and living conditions that are bound to be considerably less "humane" than that of federal detention facilities.

With such a combination of perverse incentives, an increase in enforcement resources would be needed merely to keep up with the revolving door.

Barry and Carmel Chiswick are in the department of economics at the University of Illinois, Chicago. They recently were visiting scholars at the Hoover Institution, Stanford University.

March 21, 1985
Revised
June 14, 1985

THE ILLEGAL ALIEN POLICY DILEMMA

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Presented at Lecture Series on "The Economics of International Migration" Department of Economics, Western Michigan University, February 27, 1985

Note: The views expressed in this lecture are solely those of the author. A revision of this lecture was presented as testimony before the Senate Subcommittee on Immigration, June 17, 1985, Washington, D.C.

THE ILLEGAL ALIEN POLICY DILEMMA

Barry R. Chiswick

Introduction

A lecture and seminar series on the Economics of International Migration, and a public lecture on illegal aliens, are very timely. As a research topic immigration has long been the concern of historians and sociologists. It is only in recent years, about a decade ago, that economists returned to this topic.

Economists were concerned with the issue at the turn of the century and up to the early 1920's until the enactment of the "national origins" quota system. From then until the 1960's there was little public policy concern or debate over general immigration issues, and this is reflected by the virtual absence of interest on the subject by economists. The 1965 Immigration Amendments abolished the "national origins" quota system and substituted a "preference system" which placed greatest emphasis on kinship with a U.S. citizen or resident alien. But this was done with surprising little public debate and with a continued virtual vacuum in the economic literature.

It was only in the 1970's that there was a renewed public policy interest in immigration issues. Although the policy interest focused on illegal immigration, economic research took a broader approach, exploring all dimensions of immigrant adjustment and impact, for both legal and illegal aliens.

After a decade of high energy prices, sharply fluctuating rates of economic growth, high and erratic rates of inflation, and increased concerns for the quality of the environment, there is now a greater realization that resources are limited and that continued economic growth is not a gift from the gods, but rather is dependent on a public policy that fosters rather than hinders economic growth. All public policy issues once thought outside the realm of economic thinking or economic considerations are coming under closer scrutiny, including immigration policy.

Economists have demonstrated that immigrant flows are, in part, the consequence of economic forces. They have also demonstrated that immigrants play an important and complex role in the economy in general and in the labor market in particular. In addition, economists have demonstrated that immigrants impact on the well-being of the economy and the American population.

This lecture will be on the contradictions and dilemmas inherent in forming public policy toward illegal aliens. In so doing it will point to the direction of sounder policy solutions.

The Illegal Alien Debate

The most recent public focus on immigration has been with respect to illegal aliens. From the last days of the Ford Administration to the present, each session of Congress has given serious consideration to the enactment of legislation to grant amnesty to illegal aliens living in the U.S., to impose for the first time Federal sanctions on employers of illegal aliens, and to strengthen enforcement at the border. In 1984 both houses of Congress passed such legislation, by a large majority in the Senate and by a handfull of votes in the House. Because of minor differences the legislation went to a House/Senate conference committee where it died, in no small part because of the newly expressed opposition of both Presidential candidates.

The persistence with which the legislation is brought forward, the heated debate, the widely divergent support in the House and Senate, and the periodic changes in position of Presidents and Presidential candidates suggests that illegal aliens are a difficult policy issue.

Illegal aliens exist because workers are attracted to the United States by jobs provided by the economy and because there is an incomplete enforcement of immigration law by the government. They impact on the labor market by decreasing the earnings and employment opportunities of some U.S. workers and increasing them for other U.S. workers. The size of the illegal alien population is believed to be large and growing. It has recently been estimated by three Census Bureau statisticians that there were 3 to 6 million illegal aliens residing in the Unites States in 1980. (Siegel, Passel and Robinson, 1981). It is also estimated that half of these illegal aliens are Mexican nationals. Every indication suggests that the continued deterioration of the Mexican economy and political upheavals in Central and South America will be further spurs to illegal immigration.

Yet, we know surprisingly little about illegal aliens. Why is there such a large illegal alien population? Why is there so little research on the topic? Indeed, the Select Commission on Immigration and Refugee Policy, which issued its report in 1981, was established primarily to analyze policy regarding illegal aliens and the Commission devoted most of its recommendations to this issue. Yet, it funded no research relating to the characteristics or impact of illegal aliens. Its research program played no apparent role in its policy decisions.

There is a legislative stalemate in Washington. Too few resources are budgeted to enforcement for the Immigration and Naturalization Service (INS) to have any substantial impact. Yet, there is an unwillingness to publicly acknowledge this "lack of will" and offer amnesty. This public ambivalence has been quite obvious for at least a decade.

The legislative stalemate may not represent a lack of will, but rather may be interpreted as a "rational" short-run response to a policy dilemma. We want foreign workers, but not their dependents. We allow illegal migration but keep the probability of arrest and deportation high enough to discourage the entry of family members. Amnesty, of course, would allow erstwhile illegal aliens to bring their dependents -- spouse, minor children, aged parents -- to the United States. This would give them access to our system of free public education as well as to the generous welfare and social service benefits that were designed to help Americans disadvantaged through no fault of their own. (The welfare benefits include Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income (SSI) and Medicaid.) Because we want the workers but not the dependents, and we find it awkward to say so openly, we perpetuate a cat-and-mouse game between the immigration authorities and illegal aliens.

If this interpretation is correct, we need not be concerned with more information on illegal aliens. We prefer continued obfuscation of the issues to the embarrassment that clarification might bring. It is apparently better to let the monster sleep. Unfortunately, the monster will eventually wake up, and more massive social and economic problems may be at hand -- a large, restless and low-skilled illegal alien population.

Characteristics of Illegal Aliens[1]

To put these matters in historical perspective, it is important to indicate that the illegal alien issue is not new. In this decade we "celebrate" the 100th anniversary of illegal aliens in the United States. The first illegal aliens were Chinese because the first barriers to legal immigration were imposed against unskilled Chinese workers in the 1880's. There was a racist fear of the "Yellow Peril", of hoards of unskilled Chinese workers flooding California and depressing wages for similarly unskilled whites. It is unlikely that the feared massive migration would have taken place even if there were no barriers. Perhaps more intriguing, data from recent Censuses indicate that the descendants of the Chinese workers have achieved higher levels of schooling, occupational status and earnings than the descendents of the whites who a century ago believed the Chinese could never be anything but unskilled laborers.

In the twentieth century, however, the main focus has been on Mexican illegal aliens. A cyclical pattern has emerged. During periods of political turmoil (e.g., 1910 Revolution) or economic slack in Mexico large migration streams flow northward, and the size of these streams seems to have accelerated in recent decades. On the other hand, during periods of economic slack in the U.S. the northward flow is slowed or stopped, and sometimes reversed. In the 1920's in the recession following the World War I boom, during the early 1930's, and during the early 1950's the net flow may have been toward Mexico, that is, the number of Mexican nationals who left the U.S. may have exceeded the number who entered this country. These reverse flows have sometimes been generated by wholesale arrests and deportations of persons who "look Mexican".

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[1] The *Statistical Yearbook of the Immigration and Naturalization Service* is an invaluable source of data on legal and illegal immigrants. (U.S. Dept. of Justice).

Even in the 1980s, Mexican nationals form the bulk of the illegal alien population. The data on apprehensions indicated that 90 percent are Mexican nationals. But this statistic overstates the proportion of Mexicans in the illegal alien population. INS concentrates its resources along the Mexican border, perhaps (as some allege) because it is relatively inexpensive to catch people sneaking across the border and deport them. In addition, many Mexican illegal aliens work in the United States only part of the year and they return to Mexico during the slack season. Since apprehensions are most likely to take place at or shortly after entry, this to and fro migration also raises the proportion of Mexican nationals in the arrest data relative to the stock of illegal aliens residing in the U.S.

It is believed that about half of the illegal alien population living in the United States are Mexican nationals, and that the other half come from a wide range of countries and all parts of the globe. West Indians, Central and South Americans, East Asians, South Asians, Africans, Near Easteners, Europeans and Canadians are all represented among illegal aliens. Of the Mexican illegal aliens, about 70 percent originate in six states of Mexico's Central Plateau. This is a poor area which served as a battlefield during the revolutions and rebellions earlier in this century, and which has been passed over by whatever benefits emerged from the Green Revolution of the 1950s and the short-lived oil bonanza in the 1970s (Cross and Sandos, 1981).

There are reasons why Mexico provides the largest number of illegal aliens. We share a border about 2,000 miles long which runs through wilderness areas. Where rivers form part of the border they are often shallow and easy to cross. Hence, "entry without inspection" is relatively easy for Mexican nationals. Illegal aliens from most other countries either use fraudulant documents to enter the U.S. or have to violate a legal visa, such as working in violation of a student or visitor visa, or overstaying their visa. Increasingly, nationals of other countries are using Mexico and Canada for the purpose of surreptitiously entering the United States.

Ease of entry may be a necessary condition for illegal immigration, but it is not a sufficient explanation. After all, the border with Canada is as easy to cross as the border with Mexico, yet there are relatively few Canadian illegal aliens: less than one percent of apprehended illegal aliens are Canadian nationals. Nor are legal immigrants more numerous from Canada than from Mexico. In recent years there have been fewer than 15,000 Canadian immigrants annually, while legal immmigrants from Mexico have exceeded 55,000 annually.

The U.S.-Mexican border is unique. There is no other border separating two countries that differ so sharply in average income. The temptation to go north to "strike it rich" working as a bus-boy, a dishwasher, or fruit picker is just too strong to resist. Mexico's economy has not done well in the 20th century in spite of its abundance of natural resources. High fertility rates combined with falling death rates, particularly infant mortality rates, have generated large cohorts of youths. Government development policy has focused on capital intensive rather than labor intensive sectors of the economy. Mismanagement of the economy has retarded the rate of economic growth. The poverty and absence of job opportunities, particularly in the rural areas, have generated a massive migration to Mexico City, the border towns, and the United States.

Many Mexican farmworkers gained experience working in the United States in the bracero program. This was a contract farm labor program started in 1942 to augment war-time labor supplies and was terminated in 1964. As a result of the experience gained in the bracero program hundreds of thousands of Mexican farm workers had their appetites whetted for the good life up north. They, their younger brothers, their sons became illegal aliens when the bracero program ended and other opportunities for legal migration were reduced. Indeed, in the face of a growing supply of immigrants from Mexico the imposition of the numerical ceilings on Western Hemisphere immigration in 1968, and the country ceilings in 1977, reduced avenues for legal migration, thereby generating pressures for increased illegal immigration.

There is little solid data on the demographic or labor market characteristics of illegal aliens (Chiswick, 1984). The data on aprehensions suggest that are predominately low-skilled, young adult (age 18 to 30), males from Mexico. While it is undoubtedly true that the apprehensions data can be expected to exaggerate these very characteristics, it seems reasonable that qualitatively these characterizations are accurate. Illegal aliens tend to be unskilled in part because workers in higher skilled jobs may have more difficulty in masking their illegal status, and in part because an occupational license, certification or union membership may be required. In addition, because of the existence of skills that are specific to the country in which they are acquired, apprehensions and deportations may be more costly for skilled illegal aliens than for workers with few if any skills. Thus, among unsuccessful visa applicants (or potential applicants) those with few or no skills have the greater incentive to attempt an illegal entry.

The skewed demographic composition of illegal aliens and the high rate of to and fro migration, particularly with respect to Mexico, are consequences of illegal alien workers leaving their wives, young children and aged parents in the home country. This does not arise from their preferences, but from the circumstances of their illegal status. Dependent family members are costly to move to the United States, particularly if illegal means are to be used. Once in the U.S., the dependents may not confere the eligibility for welfare and social service benefits that legal residents may receive. Indeed, the dependents may increase the probability of the entire family being apprehended and deported. In addition, their presence makes deportation more costly.

Alternative Policies: Amnesty versus Strict Enforcement

If illegal alien workers were granted amnesty and could bring their dependents to the U.S., the demographic characteristics of this population would change. The extent of to and fro migration would decline, the ratio of dependents to workers would increase, and, because of the low skill level, the family members would be eligible for a variety of welfare (income transfer) and social service programs. In addition, the incentive for even more families to move north would increase under the realistic view that if amnesty is granted once it will be granted again. Hence, the case against amnesty.

But what about a more vigorous enforcement of immigration law? The trends have, if anything, been in the opposite direction (Chiswick, 1981). The number of permanent positions in the Immigration and Naturalization Service increased from 7,000 in 1960 to nearly 11,000 in 1979, a 60 percent increase. During the same period, however, the annual number of legal immigrants doubled from one-quarter of a million per year to one-half of a million. Nonimmigrant admissions of aliens as tourists, students, etc. increased eightfold from 1.1 million to 9.3 million per year. And, the number of apprehensions of illegal aliens increased 14-fold from 70,000 to about one million. Clearly a tremendous strain has been placed on INS resources.

To try to close the floodgates INS has concentrated its resources on border enforcement at the expense of interior enforcement. However, there is a revolving door at the border in which large numbers of illegal aliens are apprehended one night, to be deported the next day, to try again on a subsequent night. Except for deportation, there are no penalties imposed on illegal aliens, even those who are flagrant repeat offers. But apprehensions and deportations at the border impose relatively little cost on illegal aliens, particularly those from Mexico. The cat-and-mouse game along the border increases apprehensions per million dollars of budget expenditure, but may have little deterrent effect.

Benefits of Current Policy

What are the benefits of current policy? The benefits come in the form of the increase in income to the native population of the U.S. from a larger pool of low-skilled immigrant workers. An increase in the supply of low-skilled foreign workers depresses the wages and working conditions of low-skilled native workers, and this receives much public attention. What receives less public notice is that the increase in the number of low-skilled workers increases the productivity of "complementary factors of production", that is, higher skilled workers and capital. Any factor of production is more productive the more of other factors with which it can work. A bulldozer on a road construction project is more productive if there are more workers to keep it running 24 hours a day, repair it when it breaks down, and redirect traffic away from the construction site. A scientist is more productive if there are assistants to clean the test tubes, run simple experiments, do bibligraphic research, type manuscripts, etc.

The gains in income to skilled workers and capital from the migration of low-skilled workers are likely to exceed the losses to native low-skilled workers. This means that as a result of low-skilled illegal migration the income of the native U.S. population is increased!

The Policy Dilemma

Thus, I have outlined the policy dilemma. As a result of restrictions on immigation there are a large number of people in the U.S. illegally, perhaps 3 to 6 million people. They are disproportionately unskilled young adult males from Mexico. Indeed, it is largely because of their illegal status that they do not bring their dependent family members. These workers are productive and they increase the income of the native U.S. population.

On the other hand, if they brought their dependent family members with them they would be eligible for a variety of welfare, social service and educational programs. Since the workers are low skilled their use of these benefits could exceed the increased income of the native population. That is, the increase in taxes needed to pay for these programs for the dependents of the "illegal aliens" might easily exceed the gains in income to the native population.

By legalizing the status of illegal aliens they could bring their dependents to the U.S. and claim benefits from the variety of public programs that subsidize the poor, the young and the aged. And, amnesty encourages further illegal immigration because of the realistic expectation that if offered once it will be offered repeatedly. Hence, amnesty is perceived as an unacceptable solution.

Strict enforcement of immigration law is also perceived as unacceptable. The costs of strict enforcement may be very high in terms of civil liberties and of resources devoted to enforcement activities. A greatly enhanced and better equipped staff of INS agents would be required to increase the effectiveness of interior enforcement as well as border enforcement, but this would be more costly. Sanctions against employers who knowingly hire illegal aliens are frequently proposed, although for employer santions to be effective a national identity system (or registration) of one sort or another would be required. It seems inappropriate to compel employers to enforce a law that the Federal authorities show little will to enforce.

Employer sanctions are the equivalent of an employment tax. This tax raises the relative cost of labor, particularly for low skilled, high turnover jobs. The imposition of such a tax may further worsten the job opportunities of low-skilled workers legally in the U.S., particularly youths and minorities.

But perhaps the greatest cost of strict enforcement would be the loss of the income the native population gains from the work of illegal aliens.

Conclusions - An Alternative Policy[2]

From the short-run perspective the current legislative stalemate may be "optimal" given that we do not want a legal system that sanctions a two-class society -- one eligible for welfare and social service benefits and the other not. We can view amnesty and a stringent enforcement of immigration law as polar approaches to solving the problem, but for different reasons they are viewed as too costly. The consequence of current policy, however, is the presence of a large and apparently growing segment of the population that lives at the margin of or outside the law. As this population grows, and as increasing numbers of children of illegal aliens are born in the U.S., and hence are U.S. citizens, the political and social pressures will also grow. A policy that looks optimal in the short run may thus not be so attractive in the long run.

This discussion suggests that as a society we need to more clearly delineate our priorities and policy options regarding illegal aliens. A partial solution to the dilemma is to restore a modest guest worker program. To discourage "temporary workers" from evolving into

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[2] For a fuller discussion of the policy alternatives see Cafferty, Chiswick, Greeley and Sullivan (1983).

"permanent workers" outside the regular immigration system entry would be permitted only for the guest workers and not for dependents, the contracts would be for a short maximum number of months (say 6 months), and only for jobs with clearly defined seasonal patterns. Returing to the home country would be required before a worker could receive a new contract, and a limit might be placed on the total number of contracts that a worker could receive.

Under current policy there is some probability that an illegal alien will be apprehended. But the penalty if one is apprehended is very low, particularly for Mexican nationals apprehended at the border. Deportation to the other side of the border involves virtually no cost for Mexican nationals apprehended at or near the border. There is no deterrent effect from apprehending individuals who violate the law if there is also no penalty when they are apprehended. Hence, current policy regarding apprehended illegal aliens has little or no deterrent effect, particularly regarding Mexican nationals.

To induce compliance two types of penalties could be imposed on those who enter the country illegally, who violate the condition of a legal entry, or who violate the terms of their temporary worker contract. One penalty would be a probation period during which a legal entry is barred, whether as a temporary worker or otherwise. The other would be detention of the illegal worker for a period of several months prior to deportation.

Detention may be the only mechanism for reducing the extent to which the border is treated as a revolving door. Pecuniary fines are inappropriate for the low-income illegal alien population because the fines could not be collected. However, a fine in terms of time --

detention -- for several months would be costly to the alien and have a deterrent effect. Since much of the illegal immigration is for seasonal employment a two or three month detention for a first apprehension could have a major impact on the incentive to seek work in the U.S. As a further deterrent the length of the detention period could be increased with the number of times the individual has been apprehended.

The major crticism of detention is usually expressed in terms of the high cost of incarcerating "one million apprehended illegal aliens." But this exaggerates the problem. Because the revolving door at the border results in multiple apprehensions of the same person, the number of different individuals apprehended is much smaller than the number of apprehensions. With the imposition of penalities the number of attempted illegal entries would fall. As a result, the same border enforcement resources would mean fewer apprehensions but would raise the probability that an attempted illegal entry would result in an apprehension, further discouraging illegal migration. Indeed, with the imposition of meaningful penalties greater deterence could be obtained even with fewer border enforcement resources. Finally, low cost minimum security detention facilities could be constructed in rural areas near the Mexican border.

These policy recommendations will not end all illegal immigration. However, by providing both the opportunity and incentives for operating within the legal framework, they offer a better hope than current policy, and the most frequently advocated alternatives (employer sanctions and amnesty), for retaining many of the benefits, while reducing many of the costs, of the current illegal immigration. The recommendations offer a better prospect for regaining control over the U.S. borders.

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GUIDELINES FOR THE REFORM OF IMMIGRATION POLICY

Barry R. Chiswick

Guidelines for the Reform of Immigration Policy*

Barry R. Chiswick**

In proposing optimal immigration criteria for the United States, the author focuses on the economic consequences of immigration, including the labor-market productivity of immigrants and their impact on the native population. Current immigration policy, according to the author, emphasizes kinship with a United States citizen or resident alien as the criterion for rationing immigration visas, largely ignoring the skills or likely labor-market adjustment of the visa applicant. Moreover, the enforcement of immigration law appears to be minimal and has declined in both real resources and effectiveness in recent years. The result of limited enforcement and the emphasis on kinship is the arrival of a relatively large proportion of low-skilled immigrants.

The author proposes a skill-based rationing system for visas as an alternative to current policy. Under this proposal, the applicant's level of skill would be the primary determinant in deciding whether to issue a visa. Except for the immediate relatives of United States citizens, kinship would play a minor role. This policy, combined with more stringent enforcement of immigration law, would raise the skill level and favorable economic impact of immigrants. In contrast, the recommendations of the Select Commission on Immigration and Refugee Policy (SCIRP) would favor low-skilled immigrants. Also, the SCIRP proposals would shift the burden of enforcing immigration law from the appropriate government authorities to employers, who would be forced to screen all workers regarding their immigration status.

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I. INTRODUCTION

United States immigration policy may have a substantial long-term impact on the economic well-being of the country as a whole, and on its various demographic groups. It is, however, an issue on which there is much public confusion, primarily because people approach immigration policy in an emotional rather than a rational manner.

This article provides a framework for the analysis of immigration policy—the policy of granting permanent resident-alien status.[1] The framework focuses on both the overall economic impacts of immigration and the distribution of these impacts. This approach evaluates the economic costs and benefits of alternative immigration policies.

Immigration policy includes the laws and regulations regarding who may enter the United States. It also addresses for what period of time and for what purposes (i.e., work, study or travel) people may immigrate. The enforcement of immigration laws and regulations is equally important. A policy of stringent criteria for entry combined with lax enforcement is a policy of relatively easy entry for persons willing to violate the law.

As with most other social regulations, the original intent of immigration restrictions was to protect the health and safety of the resident population.[2] Restrictions created in the nineteenth century were intended to bar criminals, indigents, persons with contagious diseases, and other social misfits. Quantitative restrictions were then introduced, first against East Asians, and then against eastern and southern Europeans, partly because of racial and religious prejudice and xenophobia, and partly to protect the wages of low-skilled native workers from the competition of unskilled immigrants.[3] The 1965 amendments to the Immigration and Nationality Act (INA)[4] eliminated most of the racism and ethnocentrism implicit in U.S. immigration policy.[5] These amendments, and the 1978 amendments pertaining to the Western Hemisphere,[6] substituted kinship with a U.S. citizen or a resident alien for country of origin as the primary criterion for obtaining immigration visas.

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[1] This article deals with permanent resident aliens or immigrants, and not foreign students, visitors, or temporary workers.

[2] For a brief review of the history of United States immigration law and trends, see Chiswick, *Immigrants and Immigration Policy*, in CONTEMPORARY ECONOMIC PROBLEMS 285-325 (W. Fellner ed. 1978) [hereinafter cited as Chiswick, *Immigration Policy*]. The major legislative development since 1978 is the Refugee Act of 1980, Pub. L. No. 96-212, 94 Stat. 102 (codified as amended in scattered sections of 8 U.S.C.).

Immigration policy has widespread economic implications because of its direct and indirect impact on the labor market. The current kinship-based policy, although superficially appealing on humanitarian grounds, has generated substantial dissatisfaction. Adopting this policy in 1965, at a time of seemingly unlimited prosperity, may have been essential for eliminating the pernicious quota system based on national origins. But in the current era of slower increases in productivity, it is even more appropriate to ask who bears the burden of immigration policy, and whether alternative and equally nonracist policies could have a more favorable economic impact.

In formulating immigration policy, the effect of immigrants on the U.S. labor market, and consequently on the income and employment of the native population, is an important consideration. Because immigrants vary widely in their employment skills, their impact is not unidimensional. Even if all immigrants shared the same skills, their impact on the native population would not be uniform because of the heterogeneity of the native population. Insights into the productivity of immigrants add a new dimension to the policy debate. They suggest that it is not only the number of immigrants that is relevant, but also the characteristics of those immigrants. The characteristics of an annual stream of immigrants are not exogenous; they largely can be determined by immigration policy.

Two alternatives to current policy will be discussed in this article. One is a skill-based rationing system in which productivity characteristics are the primary criteria for rationing visas. The other is the set of recommendations from the Select Commission on Immigration and Refugee Policy,[7] which would increase the role of kinship in issuing immigration visas and granting amnesty to illegal aliens. This article concludes that a skill-based rationing system better satisfies the objectives of promoting economic growth and reducing the relative size of income transfers in the economy.

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[3] Chiswick, *Immigration Policy, supra* note 2, at 292.

[4] Act of Oct. 3, 1965, Pub. L. No. 89-236, §§ 8, 24, 79 Stat. 916, 922 (1965) (current version at 8 U.S.C. § 1101 (Supp. V 1981)).

[5] *See infra* notes 8-10 and accompanying text.

[6] Act of Oct. 5, 1978, Pub. L. No. 95-412, 92 Stat. 907.

II. CURRENT IMMIGRATION: POLICY AND FLOWS

Current immigration law has its basis in the 1965 amendments to the 1952 Immigration and Nationality Act.[8] The 1965 amendments abolished the discredited national-origins quota system instituted in the 1920's, as well as the emphasis on skill or productivity introduced in 1952 for rationing visas.[9] In their place, the amendments created a "preferences" rationing system that heavily emphasized kinship with a U.S. citizen or resident alien.[10] Skill

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[7] *See infra* text accompanying notes 61, 70-88.

[8] Act of Oct. 3, 1965, Pub. L. No. 89-236, §§ 8, 24, 79 Stat. 916, 922 (1965) (current version at 8 U.S.C. § 1101 (Supp. V 1981)). The 1952 Act primarily was a recodification of existing law.

[9] *See* Chiswick, *Immigration Policy*, *supra* note 2, at 293-98.

[10] The Refugee Act of 1980, Pub. L. No. 96-212, § 203, 94 Stat. 102, 107 (codified as amended in 8 U.S.C. § 1153 (Supp. V 1981)), which further amended the Immigration and Nationality Act, revised the refugee admission procedures. *See infra* text accompanying notes 33-37. The current system of the "preferences" rationing system provides,

> Allocation of immigrant visas
>
> (a) Categories of preference priorities; per centum limitations; waiting lists
>
> . . . .
>
> (1) Visas shall be first made available, in a number not to exceed 20 per centum of the number specified in section 1151(a) of this title, to qualified immigrants who are the unmarried sons or daughters of citizens of the United States.
>
> (2) Visas shall next be made available, in a number not to exceed 26 per centum of the number specified in section 1151(a) of this title, plus any visas not required for the classes specified in paragraph (1) of this subsection, to qualified immigrants who are the spouses, unmarried sons or unmarried daughters of an alien lawfully admitted for permanent residence.
>
> (3) Visas shall next be made available, in a number not to exceed 10 per centum of the number specified in section 1151(a) of this title, to qualified immigrants who are members of the professions, or who because of their exceptional ability in the sciences or the arts will substantially benefit prospectively the national economy, cultural interest, or welfare of the United States, and whose services in the professions, sciences, or arts are sought by an employer in the United States.
>
> (4) Visas shall next be made available, in a number not to exceed 10 per centum of the number specified in section 1151(a) of this title, plus any visas not required for the classes specified in paragraphs (1) through (3) of this subsection, to qualified immigrants who are the married sons or the married daughters of citizens of the United States.
>
> (5) Visas shall next be made available, in a number not to exceed 24 per

and refugee status were given relatively minor roles.

The basic features of current immigration law, including the changes introduced by the Refugee Act of 1980,[11] are outlined in Table 1. The number of immigrants "admitted" to the United States under various categories is shown for two years in Table 2.[12] The worldwide, country, and preference category quotas indicated in Table 1 refer to ceilings on the number of visas issued per year. The data on immigration refer to the number of persons entering the United States with an immigrant visa, or receiving a change in status to permanent resident alien. Immigrant visas need not be used in the fiscal year they are issued. Some are never used.

A person may receive immigrant status (permanent resident alien status) under one of three general categories: (1) as an immediate relative of a U.S. citizen; (2) by other kinship criteria, or (3) by occupation (skill).[13] Also, the Attorney General may grant refu-

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> centum of the number specified in section 1151(a) of this title, plus any visas not required for the classes specified in paragraphs (1) through (4) of this subsection, to qualified immigrants who are the brothers or sisters of citizens of the United States, provided such citizens are at least twenty-one years of age.
>
> (6) Visas shall next be made available, in a number not to exceed 10 per centum of the number specified in section 1151(a) of this title, to qualified immigrants who are capable of performing specified skilled or unskilled labor, not of a temporary or seasonal nature, for which a shortage of employable and willing persons exists in the United States.
>
> (7) Visas authorized in any fiscal year, less those required for issuance to the classes specified in paragraphs (1) through (6), shall be made available to other qualified immigrants strictly in the chronological order in which they qualify . . . .
>
> (8) A (minor) spouse or child . . . shall, if not otherwise entitled to an immigrant status and the immediate issuance of a visa under paragraphs (1) through (7) of this subsection, be entitled to the same status . . . if accompanying, or following to join, his spouse or parent.

8 U.S.C. § 1153 (Supp. V 1981).

[11] Pub. L. No. 96-212, 94 Stat. 102 (codified as amended in scattered sections of 8 U.S.C.).

[12] Of the 601,000 immigrants "admitted" in 1978, 230,000 were already in the United States and received an "adjustment of status." Of these, 122,000 were Cuban and Indochinese refugees (28,000 and 94,000 respectively) whose adjustment of status outside the numerical limitations was made possible by legislation in 1976 and 1977. Of the 101,000 adjustments made under section 245 of the Immigration and Nationality Act, the official status at entry of nearly 60% was "temporary visitors for pleasure." Another 18% were students. An immigration visa often is easier to obtain from inside the United States than from outside. U.S. IMMIGRATION & NATURALIZATION SERVICE, 1978 STATISTICAL YEARBOOK 5-6, 10-11 [hereinafter cited as 1978 INS YEARBOOK].

[13] "Private bills" are enacted in a small number of cases (138 in the 95th Congress) to grant immigrant status to individuals who otherwise would not qualify. The Federal Bureau of Investigation used bogus bribes to congressmen for introducing private immigration bills in its ABSCAM investigation of congressional corruption.

gees asylum or parole status.[14] This enables them to enter and work in the United States indefinitely, although most eventually obtain an adjustment of status and become permanent resident aliens.[15] Obtaining permanent resident alien status is the first step toward acquiring U.S. citizenship.

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[14] *See* 8 U.S.C. § 1158 (Supp. V 1981).

[15] *Id.* For example, in 1978, 122,000 Cuban and Indochinese refugees became permanent resident aliens outside of the preference and quota system under legislation enacted in 1976 and 1977. 1978 INS YEARBOOK, *supra* note 12, at 10.

TABLE 1

SUMMARY OF THE IMMIGRATION PREFERENCE SYSTEM UNDER THE 1965 AND SUBSEQUENT AMENDMENTS TO THE IMMIGRATION AND NATIONALITY ACT

1. Immigrants Not Subject to Numerical Limitation
   Spouse and minor children of U.S. citizens and the parents of U.S. citizens over age 21
2. Immigrants Subject to Numerical Limitation in the Preference System

QUOTAS (visas per year)

	1965-1978	1979-1980	1981-present
Eastern Hemisphere[a]	170,000	290,000	270,000
Western Hemisphere[a]	120,000		
Country ceiling[b]	20,000	20,000	20,000

PREFERENCE SYSTEM[c]

Preference	Characteristic	Maximum proportion of visas
First	Unmarried adult children of U.S. citizens	20 percent
Second[d]	Spouse and unmarried children of permanent resident aliens	26 percent plus any not required for first preference
Third	Professionals, and scientists and artists of exceptional ability whose services are sought by a U.S. employer	10 percent
Fourth	Married children of U.S. citizens	10 percent plus any not required for first three preferences
Fifth	Siblings of U.S. citizens provided that such citizens are at least 21 years of age	24 percent plus any not required for first four preferences
Sixth	Workers in occupations for which labor is scarce in the U.S.	10 percent
Nonpreference	Any applicant not entitled to a preference	Amount that is not required for preference applicants
	Spouse and minor children of a preference applicant can be classified with the same preference if a visa is not otherwise available	Charged to appropriate preference

[a] The hemisphere quotas were converted to a combined world ceiling of 290,000 visas by the 1978 amendments and reduced to 270,000 visas per year when the Refugee Act of 1980 removed refugees from the preference system.

[b] Country ceiling applicable to the Eastern Hemisphere under the 1965 amendments and the Western Hemisphere since the 1977 amendments.

[c] Preference system applicable to the Eastern Hemisphere under the 1965 amendments and the Western Hemisphere under the 1977 amendments. Prior to 1977, Western Hemisphere visas issued on a first-come, first-served basis.

[d] Increased from 20% with the passage of the Refugee Act of 1980. The six percent previously was allocated to a "refugee preference." This preference was dropped with the passage of the Refugee Act of 1980, which established a quota of 50,000 visas for refugees outside of the preference system, and gave the President authority to admit additional refugees. The Act changed the definition of "refugee" to a person with a well-founded fear of religious, political, or racial persecution regardless of country of origin, whereas refugee status was previously applicable only to persons fleeing a communist country or the general area of the Middle East.

SOURCE: Immigration and Naturalization Service.

TABLE 2

IMMIGRANTS ADMITTED TO THE UNITED STATES
FISCAL YEARS 1975 AND 1978

Immigrant Category	1975	1978
Total Immigrants	386,194	601,442
Immigrants exempt from numerical limitation	104,633	260,333
Immediate relatives	91,504	125,819
Immigrants Act of October 12, 1976, and October 30, 1977[a]	--	122,441
Other	13,129	12,077
Immigrants subject to limitation[b]	160,460	165,743
Eastern Hemisphere	160,460	165,743
Relative preferences	95,945	123,501
First preference	871	1,120
Second preference	43,077	44,116
Fourth preference	3,623	5,954
Fifth preference	48,374	72,311
Occupational preferences	29,334	26,295
Third preference (professionals)	8,363	4,822
Sixth preference (other workers)	16,724	17,705
Their spouses and children	14,247	13,768
Refugees—seventh preference	9,129	9,724
Nonpreference, private bills, and others	26,052	6,223
Western Hemisphere	121,101	175,361
Relative preferences	--	66,796
First preference	--	2,572
Second preference	--	33,631
Fourth preference	--	5,450
Fifth preference	--	25,143
Occupational preferences		
Third preference (professionals)	--	465
Sixth preference (other workers)	--	1,183
Their spouses and children	--	2,934
Refugees—seventh preference	--	585
Nonpreference, private bills, and others	--	47,987
Natives of Western Hemisphere and Immigrants Act of 1966[c]	121,101	55,411

NOTE: Dashes indicate category is not applicable.

[a] These acts provide for Cuban and Indochinese refugees adjusting to resident alien status in the United States.

[b] Except for the occupational preferences, spouses and minor children are included in the totals for the preference category of the immigrants.

[c] Refers to immigrants who obtained visas prior to the extension of the preference system to the Western Hemisphere.

SOURCE: U.S. IMMIGRATION & NATURALIZATION SERVICE, 1978 STATISTICAL YEARBOOK 1, 6.

A. *Kinship Criteria*

The immediate relatives of United States citizens, i.e., the spouse, unmarried minor children, and parents of adult citizens, may enter the United States without numerical limitations.[16] Although the number of persons entering the United States in this manner had fluctuated around 100,000 per year since 1965, recently it has increased to about 125,000 per year because of the increased immigration of spouses and parents of citizens.[17]

Among the visas subject to numerical limitation, at least seventy-four percent (prior to the 1980 Refugee Act) were reserved for relatives of U.S. citizens and resident aliens.[18] In 1978, of the 165,743 immigrants from the Eastern Hemisphere subject to numerical limitation, seventy-five percent entered under the kinship preferences, as reflected in Table 2. Little use was made of the first preference (unmarried adult children of U.S. citizens and their children) or the fourth preference (married children of U.S. citizens and their spouses and children). To the extent that these preferences were undersubscribed, additional persons entered under the second preference (spouses and unmarried children of resident aliens and their children) and fifth preference (siblings of adult U.S. citizens and their spouses and children). During the 1960's and early 1970's, the kinship preferences were not subscribed fully, and "nonpreference" visa applicants were allowed to immigrate. The rapid increase in the use of the fifth preference, however, has eliminated this alternative.[19]

For the Western Hemisphere, until 1977, visas were issued on a first-come, first-served basis. As of 1978, new visas were issued under the preference system. In 1978 more than 55,000 Western Hemisphere immigrants entered with first-come, first-served visas. Of the nearly 120,000 immigrants who entered in that year with preference system visas, fifty-six percent immigrated under the kinship preferences. Of these, immigration under the first and fourth preferences was small, in contrast to immigration under the second and fifth preferences.[20]

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[16] The statute provides,

> The "immediate relatives" . . . shall mean the children, spouses, and parents of a citizen of the United States: *Provided,* That in the case of parents, such citizen must be at least twenty-one years of age. The immediate relatives specified in this subsection who are otherwise qualified for admission as immigrants shall be admitted as such, without regard to the numerical limitations in this chapter.

8 U.S.C. § 1151(b) (1976).

[17] 1978 INS YEARBOOK, *supra* note 12, at 5-6.

[18] *See* Table 1, *supra* p. 899. The six percent quota for refugees was shifted to the second preference (a kinship preference) when the Refugee Act of 1980 removed refugees from the preference system. Refugee Act of 1980 §§ 201, 203, 8 U.S.C. §§ 1153, 1157 (Supp. V 1981); *see infra* text accompanying notes 33-37.

[19] "Nonpreference" applicants must obtain a labor certificate (demonstrating they have a "needed" skill and a job waiting for them), invest money in a business in the United States, or satisfy some other criterion to demonstrate their economic value to the United States.

B. *Occupational Criteria*

The 1965 amendments reserved up to twenty percent of the visas in the preference system for rationing on the basis of occupation. The third preference provides for the immigration of professionals and persons of exceptional ability in the arts and sciences.[21] The sixth preference provides for the immigration of skilled workers whose services are needed in occupations for which U.S. workers are in short supply.[22] In either situation, the immigrant and the U.S. employer are required to complete a cumbersome application administered by the Department of Labor's Office of Labor Certification.[23] In general, the employer must demonstrate that appropriate workers are not available in the United States at the prevailing wage for that job.[24]

The Office of Labor Certification has predetermined that a shortage of workers exists for some jobs.[25] These jobs, referred to as Schedule A jobs, include: (1) physicians in a geographic area that the Department of Health and Human Services has determined to have a shortage of practitioners in the physician's particular specialty; (2) nurses who are already registered in the state of intended residence or who have passed the examination administered by the Commission on Graduates of Foreign Nursing Schools; (3) physical therapists qualified to take the state licensing exam; (4) persons in the sciences and nonperforming arts with exceptional ability, including college teachers; (5) religious practitioners; and (6) managers in multinational corporations.[26]

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[20] The very large proportion of immigrants in the nonpreference category in 1978 was a transitional phenomenon; the preference system was introduced too recently for the kinship categories to be filled.

[21] 8 U.S.C. § 1153(a)(3) (1976); *see supra* note 10.

[22] 8 U.S.C. § 1153(a)(6) (1976); *see supra* note 10.

[23] For the current regulations, see Labor Certification Process for Permanent Employment of Aliens in the United States, 20 C.F.R. § 656 (1982).

[24] *Id.* §§ 656.20-.32. This requirement is meaningless because for a sufficiently high wage—a new prevailing wage—fewer workers would be demanded and more workers already in the United States would be available to the occupation or employer.

[25] 20 C.F.R. § 656.10 (1982).

The Labor Certification Office has "determined" that other occupations are not to be used as a basis for labor certification, although labor certifications are given on occasion to applicants in these occupations.[27] These "Schedule B" occupations include many that provide employment for immigrants who enter the United States under other criteria, including personal service attendants, cleaning staff, kitchen workers, laborers, nurses' aides, taxicab drivers, and gardeners.[28]

Although up to twenty percent of the visas subject to the preference system are reserved for occupational preferences, the system's impact on the skill distribution of immigrants is smaller than might appear. First, the spouse and minor unmarried children of workers receiving an occupational preference visa generally are charged to that preference.[29] Of the 26,295 persons from the Eastern Hemisphere who entered under an occupational preference in 1978, fifty-two percent were spouses and children, many of whom subsequently will enter the labor force.[30] Of the 4,582 persons from the Western Hemisphere, sixty-four percent were spouses and children.[31] Second, when a worker obtains a visa through a labor certification, he is not legally obligated to work for the employer or in the occupation. The extent of this "leakage" is not known. Third, there is a tendency for the occupational preferences to be used by persons who are already in the United States with nonimmigrant visas, and who are seeking an adjustment of their status. Of the 14,175 occupational-preference visas in 1978, sixty-five percent received an adjustment of status.[32] That is, foreigners were in the United States under a student, tourist, or other visa, or were in the United States illegally, but were able to obtain a labor certification. Finally, the cumbersome certification process, which generally requires considerable employer cooperation, gives a decided advantage to persons who already are working in the United States.

In spite of these limitations on the size and scope of the number of immigrants who may enter under the occupational preferences, the preferences are an important source of professional workers in the immigration stream. Among immigrants in 1978 who reported a profession on their visa application, nearly one-fifth of the professionals were beneficiaries of an occupational preference. As shown in Table 3, of the engineers, nurses, physicians, research workers, scientists, and college and university teachers who immigrated, more than one-quarter did so under an occupational preference. As would be expected, only a very small proportion of immigrants in other occupations received an occupational preference, with the notable exception of cooks.

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[26] *Id.* Physicians and nurses, who were removed from the Schedule A list in 1976, rejoined the list in 1980. Dieticians were removed from the list in 1980, apparently because the national association asserted that there was no shortage. There is apparently no research basis for the Office of Labor Certification's determinations.

[27] 20 C.F.R. §§ 656.11, .23 (1982).

[28] *Id.*

[29] 8 U.S.C. § 1153(a)(8) (Supp. V 1981); *see supra* note 10.

[30] 1978 INS YEARBOOK, *supra* note 12, at 18-23.

[31] *Id.* at 15.

[32] *Id.*

TABLE 3

BENEFICIARIES OF OCCUPATIONAL PREFERENCES
BY IMMIGRANT STATUS AND OCCUPATION, FISCAL YEAR 1978

	THIRD PREFERENCE		SIXTH PREFERENCE			
OCCUPATION	ADMISSIONS	ADJUSTMENTS OF STATUS	ADMISSIONS	ADJUSTMENTS OF STATUS	TOTAL	PERCENTAGE[a]
PROFESSIONAL, TECHNICAL, AND KINDRED	2,091	3,181	736	2,968	8,976	18.4
ENGINEERS	356	454	197	646	1,653	24.8
NURSES	731	238	45	479	1,493	30.2
PHYSICIANS	146	743	23	159	1,071	24.1
RESEARCH WORKERS (NOT SPECIFIED)	21	369	8	179	577	43.4
SCIENTISTS (LIFE AND PHYSICAL)	108	237	45	144	534	29.5
TEACHERS (COLLEGE AND UNIVERSITY)	47	195	47	180	469	25.3
WRITERS, ARTISTS, AND ENTERTAINERS	43	99	112	211	465	9.4
MANAGERS (EXCEPT FARM)	10	3	466	1,285	1,764	8.4
SALES, CLERICAL, AND KINDRED	2	0	145	299	446	1.3
CRAFTSMEN AND KINDRED	0	0	519	399	918	3.3
OPERATIVES (INCLUDING TRANSPORT)	0	0	119	139	258	0.5
LABORERS (EXCEPT FARM)	0	0	51	61	112	0.5
FARM (LABORERS, FOREMEN, AND MANAGERS)	0	0	27	90	117	1.0
SERVICE (EXCEPT PRIVATE HOUSEHOLD)	0	0	504	501	1,005	4.0
COOKS	0	0	399	364	763	14.3
PRIVATE HOUSEHOLD WORKERS	0	0	263	316	579	5.5
TOTAL	2,103	3,184	2,830	6,058	14,175	5.7[b]

NOTE: All detailed occupations with 450 or more beneficiaries of an occupational preference are listed separately.

[a] Percentage of total number of immigrants reporting that occupation.

[b] Percentage of immigrants reporting a labor-market occupation. The figure is 2.4% if expressed as a percentage of all immigrants, including housewives, youths, students, the aged, and others.

SOURCE: U.S. IMMIGRATION & NATURALIZATION SERVICE, 1978 STATISTICAL YEARBOOK 18-23.

In summary, there are many features of the current occupational preferences that substantially reduce the program's ability to facilitate the immigration of high-productivity workers. But the preferences are an important source of high-level manpower. That there are queues for obtaining an occupational-preference visa suggests that even more high-productivity workers would immigrate if the preference quotas were increased, country ceilings on these categories were removed, and the requirements of both prearranged employment and the burdensome application procedure were eased.

C. *Refugees*

The 1965 amendments to the INA[33] and the 1980 Refugee Act[34] have attempted to regularize the flow of refugees. But events have shown this to be difficult. The 1965 amendments allocated six percent of the visas within the preference system to refugees, and did not change the requirement that a refugee must be fleeing from either a communist country or the Middle East.[35] The 1980 Refugee Act increased the annual quota of refugees from 17,400 to 50,000 visas.[36] The Act defined a refugee as any person with a well-founded fear of political, religious, ethnic, or racial persecution (whether from a communist country or otherwise), and who was already in a country of first asylum.[37]

The 1980 Refugee Act was based on the desire to be even-handed in the treatment of persons fleeing communist and noncommunist government persecution; it was also based on the experiences of the Vietnamese boat people. The Act can be criticized for inadequately defining refugee. Moreover, the first asylum provision penalizes refugees from countries in close proximity to the United States. For example, Haitians seeking asylum in Florida claimed they were refugees from poverty and, having fled, could not return without being persecuted by an authoritarian regime. The Cuban boat people—the more than 120,000 persons who entered the United States in 1980—technically were not eligible for admission under the Refugee Act because the United States was the country of first asylum. Although the Cubans were admitted under the Attorney General's ad hoc authority to parole persons into the United States, the status of the Haitians remains uncertain.

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[33] Act of Oct. 3, 1965, Pub. L. No. 89-236, 79 Stat. 916 (current version codified in scattered sections of 8 U.S.C.).

[34] Pub. L. No. 96-212, 94 Stat. 102 (1980) (current version codified in scattered sections of 8 U.S.C.).

[35] 8 U.S.C. § 1153(a)(7)(1976) (amended 1980); *see supra* note 18.

[36] Refugee Act of 1980 § 201 (codified at 8 U.S.C. § 1157(a) (Supp. V 1981)); *see supra* note 4. The President may admit additional refugees if the situation requires. 8 U.S.C. § 1157(b) (Supp. V 1981).

[37] Refugee Act of 1980 § 201(a) (codified at 8 U.S.C. § 1101(a)(42) (Supp. V 1981)).

D. *Illegal Immigration and Enforcement Resources*

The enforcement of immigration law is minimal, in terms of both the magnitude of the resources and the deterrent effect of the deployment of these resources. The limited, but not negligible, enforcement of immigration law tends to attract low-skilled illegal aliens.

The number of immigration law violations is, of course, unknown.[38] The number of illegal immigrants in the United States has been estimated at between two and twelve million persons, but a recent view of these estimates by three statisticians at the Bureau of the Census suggests a range of 3.5 million to 6 million persons, of whom about half are Mexican nationals.[39] Data exist, however, on the number of apprehensions of illegal aliens. Table 4 illustrates that the number of deportable aliens located increased from 70,000 in 1960 to more than 1,000,000 per year since 1977.[40] Of the more than one million deportable aliens located in fiscal year 1978, nearly 950,000 were Mexican nationals who entered without inspection, as summarized in Table 5. About 28,000 Mexican nationals entered the United States under other statuses, and slightly more than 81,000 were persons of other nationalities.

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[38] A person may become an illegal alien by violating the condition of a legally obtained visa (such as unauthorized employment under a student or visitor visa, or remaining in the United States beyond the date specified in the visa), entering the United States with a fraudulent visa, or making a surreptitious entry.

[39] *See* J. Siegel, J. Passel & J. Robinson, Preliminary Review of Existing Studies of the Number of Illegal Residents in the United States, in Select Comm'n on Immigration & Refugee Policy, 97th Cong., 1st Sess., U.S. Immigration Policy and the National Interest app. e (Comm. Print 1981).

[40] The decline in apprehensions in fiscal year 1980, *see* Table 4, *supra* p. 908, has been attributed to the three-month moratorium on interior enforcement, which was intended to increase compliance with the 1980 Census, and to the diversion of Immigration and Naturalization Service (INS) resources for the registration of Iranian students and the Cuban boat people. There are no data on the extent to which the same individual is apprehended more than once in a year.

TABLE 4

IMMIGRATION AND NATURALIZATION SERVICE PERSONNEL, IMMIGRANTS, NONIMMIGRANTS, AND DEPORTABLE ALIENS LOCATED, FISCAL YEARS 1960-1980

	INS Personnel			Workload		
Year	Permanent positions	Average paid employment[a]	Total compensable work years[a,b]	Immigrants	Non-immigrants admitted	Deportable aliens located
1960	6,896	6,522	---	265,398	1,140,736	70,684
1965	7,043	6,747	---	296,697	2,075,967	110,371
1970	6,920	6,672	---	373,326	4,431,880	345,353
1975	8,020	7,992	---	386,194	7,083,937	766,600
1976	8,832	---	9,227	398,615	7,654,419	875,915
1977	9,473	---	9,705	462,315	8,036,916	1,042,215
1978	10,071	---	9,804	601,442	9,343,710	1,057,977
1979	10,997	---	11,655	460,348	---	1,076,418
1980	10,943	---	9,885	---	---	910,361

NOTE: Since 1977, the fiscal year runs from October 1 to September 30; prior to 1977, it was from July 1 to June 30. Dashes under INS Personnel indicate data not included in the source. Dashes under Workload indicate data not available.

[a] The data include the full-time equivalent of nonpermanent positions.

[b] Includes the full-time equivalent of overtime and holiday hours worked. This accounted for the equivalent of 1,484 compensable work years in 1979 and 1,771 compensable work years in 1980.

SOURCE: U.S. IMMIGRATION & NATURALIZATION SERVICE, 1978 STATISTICAL YEARBOOK 62.

TABLE 5

DEPORTABLE ALIENS LOCATED BY STATUS AT ENTRY AND NATIONALITY, FISCAL YEAR 1978

Nationality	Status at Entry					
	EWI	Visitor	Student	Crewman	Other	Total
Europe	295	5,521	585	6,317	1,263	13,981
Asia	138	5,008	2,969	4,940	1,720	14,775
North America	968,219	33,498	944	828	9,234	1,012,719
Mexico	948,891	21,484	349	40	5,903	976,667
South America	2,708	5,557	655	919	962	10,801
Africa	28	998	1,135	507	242	2,910
Other	68	1,699	525	281	218	2,791
Total	971,456	52,281	6,813	13,788	13,639	1,057,997

NOTE: EWI = entry without inspection.

SOURCE: U.S. IMMIGRATION & NATURALIZATION SERVICE, 1978 STATISTICAL YEARBOOK 72.

The increase in apprehensions reflects a large increase in illegal immigration, which has been caused by five factors: (1) the end of the bracero program for temporary farm workers in 1964, (2) the introduction of numerical limits on Western Hemisphere immigration in 1965, (3) the prospect of amnesty as proposed by the Carter administration in early 1977, (4) improved transportation and information networks, and (5) increased competition for jobs among low-skilled workers in the major sending countries.

The data on apprehensions reflect, in part, administrative decisions on the allocation of enforcement resources. These decisions, however, do not necessarily achieve their desired result. For example, although more apprehensions per dollar of enforcement expenditure occur if there is a relative concentration along the Mexican border, this may not be the maximum deterrent for a given enforcement budget. Apprehensions along the border may have a minimal deterrent effect if, as many believe, most illegal aliens who are apprehended and deported while entering without inspection simply try again a few nights later. Apprehension and deportation may have a greater long-term deterrent effect if they occur after an illegal alien has penetrated the border and incurred costs in locating a job and residence. Even though the cost per apprehension away from the border is higher, it is not necessarily less cost-effective in deterring illegal immigration.[41] The large and increasing number of apprehensions along the Mexican border suggests that the border is porous and that the cost of being apprehended is low for the illegal alien. If the probability and cost of apprehension were high, few persons would attempt illegal entry, and the number of apprehensions would be small.

Little is known about the characteristics of illegal aliens. There are reasons to believe, however, that they are not a random sample of persons desirous of, but unable to obtain, a legal immigrant visa. Rather, they are disproportionately low-skilled workers. There is a probability greater than zero that these immigrants will be apprehended at the border or in the interior. The probability of detection in the interior is greater for those who come into contact with the authorities—e.g., the police, an occupational licensing board, or the personnel department of a government agency or large firm. Persons with high levels of skill, particularly professionals who require a certification of some sort, are likely to be detected. In addition, the cost of deportation is greater for immigrants with higher levels of skill. If deported, unskilled workers

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[41] David North estimated that in 1979, border enforcement, interior enforcement, and antismuggling activities by the border patrol cost $108 per apprehension, while interior enforcement by the investigations unit cost $156 per apprehension. The cost per apprehension for just border-control patrol activities is even less than the cost for over-all border patrol activities. *See* D. North, Enforcing the Immigration Law: A Review of the Options 17 (Sept. 1980), *reprinted in* Select Comm'n on Immigration & Refugee Policy, 97th Cong., 1st Sess., U.S. Immigration Policy and the National Interest app. E (Comm. Print 1981). North's study includes several ideas for increasing the efficiency of the enforcement of immigration law at the border and in the interior.

(and workers with skills that are readily transferable internationally) do not lose the value of their training in the United States. Country-specific investment in training tends to rise with the skill level. A deported skilled illegal alien finds that investments in United States-specific training are not relevant when he returns to his home country, and that some of the skills specific to the country of origin acquired prior to the illegal migration have subsequently depreciated.

The resources devoted to the enforcement of immigration are relatively small and have not kept pace with the workload.[42] The number of permanent positions in the Immigration and Naturalization Service increased nearly sixty percent from 1960 to 1979.[43] During the same period, the annual number of immigrants more than doubled, nonimmigrant admission of aliens increased eightfold, and the number of apprehensions of illegal aliens increased fourteenfold. Not all of the increase in permanent positions reflects more resources devoted to direct enforcement activities, particularly in recent years. For example, from fiscal year 1977 to 1979 the INS operating budget increased eleven percent in real dollars, and the real resources devoted to service to the public, support operations, and program direction increased forty-seven percent during the same period. In contrast, border enforcement resources increased one percent, detention and deportation resources decreased four percent, and interior enforcement resources decreased fifteen percent.[44] This reallocation of resources within the Immigration and Naturalization Service away from enforcement activities, particularly interior enforcement, reflected a decision by the

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[42] In addition to screening persons entering through legal gateways (a function shared with the Customs Service), and other immigration law enforcement through patrols along the border and interior enforcement, the INS administers exclusion and deportation proceedings. The State Department's Visa Service administers visa applications, and the Labor Department's Office of Labor Certification issues labor certificates. North estimated that in fiscal year 1980 there were 11,869 "immigration law enforcement positions." Of these, 8,433 were in the INS (including 2,694 in the border patrol and 1,019 in interior enforcement), 2,287 in the Customs Service, 907 in the State Department, and 242 in the Labor Department's Employment Standards Administration (enforcement of minimum-wage and farmwork regulations). *Id.* at 13.

[43] *See* Table 4, *supra* p. 908. The INS publishes detailed tables, including tables that chart immigrants, nonimmigrants, apprehensions, and naturalizations, in its annual reports and in its 105-page *1978 Statistical Yearbook*. But the annual reports, the *1978 Statistical Yearbook*, and the *INS Reporter* do not include data on the INS budget, number of personnel, or number of personnel in enforcement units. Apparently, the only published information on these matters is included in the Appendix to the United States Budget.

[44] The percentage increase in nominal expenditures was adjusted by the deflator for federal nondefense purchases of goods and services, which increased 14% during the period.

Carter administration to grant de facto amnesty for illegal aliens already living in the United States. Congress showed no interest in the administration's 1977 legislative proposal for amnesty.[45]

III. Heterogeneity Among Immigrants

The American public commonly views immigrants either as unskilled and poorly motivated workers, or as highly successful and aggressive achievers. These characterizations focus on the extremes. The average immigrant is at neither pole, but is apparently closer to the latter than the former. More striking is the heterogeneity among immigrants. Immigrants differ almost as much as natives in their earnings, occupational distribution, schooling, and on-the-job training. They also vary widely in country of origin. Although there is a tendency for most immigrants to be adults in their twenties at the time they immigrate, this is more the case for economic migrants than for refugees.

Analytically, the productivity of immigrants is considered most fruitfully within the context of two models—the transferability of skills and the self-selection of migrants. Immigrants from English-speaking countries at a similar level of economic development as the United States are more likely to have readily transferable skills than are immigrants from other countries. This implies that they have higher earnings at arrival, and experience a smaller rise in earnings with duration of residence. Because of the greater economic incentive for migration among the most able and ambitious, if other factors are the same, immigrants, particularly economic immigrants, tend to be favorably self-selected for labor market success. Because labor market considerations are less relevant in the decision to move among refugees and tied movers (those who move primarily as a consequence of the immigration decision of a family member) in comparison with economic migrants, the latter would tend to have more readily transferable skills.

The productivity of immigrants, as measured by their labor market earnings, varies systematically with several readily measurable variables.[46] For example, earnings are higher for immigrants with more schooling, whether the schooling was acquired in the United States or in the country of origin. The effect of schooling on earnings is greater for immigrants with highly transferable skills (e.g., economic migrants from English-speaking countries), and is least for refugees (e.g., Cubans). Earnings also are related positively to the number of years of labor-market experience in the country of origin prior to immigration. Again, this effect is greater for economic immigrants from English-speaking countries, and least for refugees.

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[45] The Carter administration's proposed 1982 budget included a further decline in real resources for the INS. "Mr. Crosland [Acting Commissioner] said that the new budget would maintain the strength of the border patrol, but cut the number of investigators who look for illegal aliens inside the country and trim the number of inspectors who screen travelers at ports of entry." Wall St. J., Jan. 9, 1981, at 4, col. 5.

[46] *See* B. CHISWICK, AN ANALYSIS OF THE ECONOMIC PROGRESS AND IMPACT OF IMMIGRANTS (report prepared for the Employment and Training Administration, U.S. Depart-

Most striking is the generally positive effect of duration of residence in the United States on the earnings of immigrants. The effect is curvilinear: earnings generally rise very sharply during the first few years, and then continue to rise at a decreasing rate with the duration of residence. The magnitude of the rise in earnings with duration of residence is greater for those who must undergo the greatest economic adjustment on arrival (refugees), and weakest for those with the smallest economic adjustment (English-speaking economic migrants). Although on arrival male economic migrants have lower earnings than their native-born counterparts, if other factors are the same, economic migrants reach earnings parity after eleven to fifteen years. Thereafter, the immigrants have higher earnings.

Earnings also are related to the cause of the migration. Earnings are greater for economic migrants than for political refugees, presumably because noneconomic factors influence the migration decision of the latter, and because refugees have fewer transferable skills. Earnings on arrival are very low for refugees (again, assuming other variables are the same); although the gap narrows with a longer residence, it does not close. The data also suggest that tied movers, who base their decision to migrate primarily on the migration decision of a family member, have lower earnings than the primary economic migrant. The 1970 Census of Population evidenced that, if other forces are the same, women who married prior to immigration consistently had lower hourly earnings than those who married after immigration.[47] Tied movers had lower earnings and higher unemployment rates at their destination than similarly situated internal migrants who were not tied movers.[48] It also has been

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ment of Labor) (available from National Technical Information Service, NTIS No. PB 80-200454) [hereinafter cited as B. Chiswick, Economic Progress]. The data are from the U.S. Bureau of the Census, 1970 Census of Population.

[47] *See* B. Chiswick, Economic Progress, *supra* note 46, at 182, 200.

[48] Mincer, *Family Migration Decisions*, 86 J. Pol. Econ. 749 (1978).

found that, other things being equal after seven years in the United States, persons admitted under the kinship immigration criteria had lower earnings than occupational-preference and nonpreference immigrants.[49] The superior performance of primary economic migrants in comparison with those whose migration is influenced by kinship ties, even when other measured variables are the same, is presumably related to the transferability of skill, ability, motivation for personal labor-market advancement, and continuity of attachment to the labor market.

There is a substantial difference in earnings between immigrants from advanced industrialized societies and those from less developed countries. This difference is partly attributable to the latter's fewer years of formal schooling. Even so, some substantial and significant differences remain. For example, when other factors remain constant, including area of residence in the United States and marital status, immigrants from Mexico earn about twenty percent less than European immigrants. Perhaps this arises because the earnings gain from migration from Mexico is so substantial that it is worthwhile, even if earnings are lower than average in the United States. But immigration from the higher-income countries is profitable only if higher than average earnings can be obtained in the United States.[50]

IV. ECONOMIC IMPACT

The formation of immigration policy, as with other types of public policy, would be simpler if the native population were homogeneous. Then the average impact of immigrants on the native population would be the impact on each and every native person. However, natives are heterogeneous in both their human and nonhuman assets. Consequently, in policy debates the distribution of the impact can be as important as, if not more important than, the overall impact.

A. *Unemployment Myths and Realities*

Much of the public debate regarding immigrants is expressed in terms of unemployment. Recently, there has been bipartisan political support for the immigrant-unemployment connection: Both the Secretary of Labor in the Carter administration and the Commissioner of the Immigration and Naturalization Service in the Ford administration attributed the unemployment of at least two to three million Americans to illegal aliens.[51] The economic fear is that immigrants take jobs that natives would otherwise have, thereby contributing to unemployment.

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[49] *See* D. NORTH, SEVEN YEARS LATER: THE EXPERIENCE OF THE 1970 COHORT OF IMMIGRANTS IN THE U.S. LABOR MARKET 102-04 (report prepared for the Employment and Training Administration, U.S. Department of Labor).

[50] For reasons that remain unclear, if other variables are constant, the earnings differential of about 20% between Mexican-Americans and Anglos also exists among second generation Americans (native-born but with at least one foreign-born parent) and higher-generation Americans (both parents born in the United States).

It is important to distinguish between taking a particular job "slot," and depriving a native worker of a job. For example, if an immigrant takes a particular job washing dishes in a restaurant, then that job slot clearly has not been filled by a native-born worker. This visible effect generates resentment. It is, however, the availability of jobs that attracts workers into the U.S. labor market, both from the household sector (outside the labor force) and from other countries. The absolute growth in employment in the United States consistently has exceeded the growth in the numbers unemployed. There is no fixed number of jobs in the economy; the extent of employment generally increases with increased immigration, although relative wages may change.

Suppose an immigrant takes a job that otherwise would have been occupied by a native worker. The immigrant either may hoard his earnings, spend all of his earnings, or do something in between. If the immigrant hoards his earnings, the natives gain the benefit of his production, giving nothing in return but green pieces of paper that are inexpensive to produce. The effect is deflationary—it is as if the Federal Reserve System reduced the money supply by the amount hoarded.[52] Natives as a whole would have greater income. Native workers would allocate themselves among jobs in the labor market, and the rate of increase in the price level would be lower than otherwise. As long as there is some flexibility in wages, and workers can change jobs, no permanent unemployment is created.

More likely, the immigrant spends his earnings either in the United States or by emigrant remittances to his home country.

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[51] *See Illegal Aliens Take Jobs of Citizens, Marshall Declares*, L.A. Times, Dec. 2, 1979, § 1, at 1, col. 2; Chapman, *"Silent Invasion" that Takes Millions of American Jobs*, U.S. NEWS & WORLD REP., Dec. 9, 1974, at 77-78. This view is not confined to the United States. "One and a half million unemployed is one and half million immigrants too many," is also the slogan of anti-immigrant elements in France. *French Directing Anger at Immigrant Workers*, N.Y. Times, Dec. 30, 1980, at A3, col. 5.

[52] The deflationary effect, of course, could be offset by appropriate adjustments in monetary policy.

There is no deflationary effect, as the extra output produced by the immigrant is matched by the increase in the aggregate demand for goods and services. Employment is generated as workers produce the goods and services purchased by the immigrants.

In either instance, immigration per se does not result in a permanent net loss in jobs to natives, even if immigrants take particular job slots that native workers otherwise would occupy. There are, however, three circumstances in which immigration could result in increased measured unemployment, although they are not what proponents of the immigrant-unemployment connection appear to be discussing: (1) the unemployment of immigrants per se; (2) frictional unemployment among the native population; and (3) structural unemployment arising from wage rigidities.

Recent entrants to the labor force—whether they are youths leaving school, women entering or reentering the labor market, or new immigrants—engage in a job search. It takes time to find a job, and one way of learning about occupations and employers is to experience a variety of jobs. Higher than average voluntary job turnover is therefore a characteristic of recent labor force entrants. Recent immigrants, in particular, experience substantial upward occupational mobility, presumably often accompanied by periods of voluntary unemployment as their skills adjust to the American labor market. Recent labor-market entrants may also experience greater involuntary separations from employment since their employers had less information about them when they were hired and the workers have less seniority. Moreover, their employers have made smaller investments in their firm-specific training.

Data from the 1970 Census and the 1976 Survey of Income and Education (SIE) suggest that, other factors being equal, the number of weeks worked by adult white men in a year was lower among recent immigrants than among the native-born and long-term immigrants.[53] In the 1970 Census, which recorded year of immigration in five-year intervals, the foreign-born in the United States for less than five years worked three weeks less than the native-born. Immigrants in the United States five to nine years worked one week less. For immigrants in the United States for ten or more years, there was no difference from the native-born. Among the foreign-born, those in the United States for less than five years worked about three weeks fewer than others, with no significant differences among the six cohorts identified in the data who were in the United States for five or more years. Although the sample sizes in the 1976 SIE are smaller than in the one-in-a-hundred sample from the 1970 Census, the greater detail on specific year of immigration for those in the United States for five or fewer years is illuminating. The SIE data suggest that most of the smaller number of weeks worked among those in the United States for five or fewer years is concentrated among the very recent arrivals; the difference in weeks worked narrows rapidly, virtually disappearing by the end of three to five years.

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[53] The empirical analyses reported in this paragraph and the next are based on B. CHISWICK, THE EMPLOYMENT OF IMMIGRANTS IN THE UNITED STATES (1982).

As is true among the native-born, the number of weeks worked is greater the higher the level of schooling and the greater the extent of labor-market experience (both before and after immigration) for the foreign-born. The number of weeks worked is also greater for those whose skills are more readily transferable to the U.S. labor-market. Other things being equal, immigrants from Cuba, Southern Europe, and the Balkans worked one week less than immigrants from the British Isles, while immigrants from Mexico worked two weeks less, and those from other Latin American countries worked 1.5 weeks less.

An influx of workers due to immigration will generate frictional unemployment among native-born workers. Frictional unemployment will arise whenever there is a change in the demand for or supply of labor that affects relative wage opportunities. Some workers will quit their current jobs in search of new higher-paying jobs. Employers in sectors where workers' marginal productivity has fallen below their wages will lay off some workers. Given the change in labor market opportunities, both workers and employers invest more in information regarding the labor market, resulting in frictional unemployment. Given the immigration, the frictional unemployment represents an efficient process through which workers identify and gravitate to what is currently their best employment opportunity, and through which employers adjust their work force to the new economic conditions.

Only a small proportion of native-born workers will experience frictional unemployment arising from immigration. Additionally, this unemployment will be short-lived; it will dampen as workers find their best employment opportunities in the new environment. The extent of frictional unemployment will be less the greater the extent to which immigrants are attracted to the United States and particular occupations or geographic areas by expanding job opportunities. Frictional unemployment will be greater if immigrants are entering stagnant occupations or economically stagnant regions. Thus, for a given size of a cohort of immigrants, frictional unemployment among the native population will tend to be smaller if the immigration is predominantly economic in nature rather than based on kinship or other criteria.

Wage rigidities, whether instituted by a legal minimum wage, a union wage, or social convention, can result in unemployment among the native-born if immigration would depress the market wage below the wage floor.[54] If the wage floor exceeds the market wage, more workers will offer their labor services than there are job slots. One solution is, of course, to eliminate the wage floor. A "second best" solution is to implement an immigration policy that would favor the immigration of high-skilled workers. This would cause the productivity of low-skilled native workers to rise and would reduce the pressures against the federal minimum wage. Although this policy would have particularly favorable impacts on the employment opportunities of native-born youths and disadvantaged minorities, it would also place downward pressure on the wages of the high-skilled workers.

B. *Impact on Income*

For simplicity of exposition regarding the impact of immigrants on the level and distribution of income, assume that there are two types of workers, low-skilled and high-skilled, that within each type all workers are homogeneous, and that the only other factor of production is physical capital.[55] Assume also that the three factors of production are substitutes for each other, and that the production function approximates one with constant elasticity of substitution. Even in such a simplified situation, the impact of immigration is difficult to determine because of the potential for immigrant cohorts with quite different productivity characteristics. Although partially determined by external forces—such as a recession in one country or a revolution in another—under current circumstances and immigration quota ceilings, the characteristics of immigrant cohorts are largely determined by the United States immigration policy over a period of years.

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[54] Some of the high unemployment or low number of weeks worked among immigrants during their first few years may be a consequence of such wage rigidities. On arrival, immigrants tend to be relatively unproductive. But with the passage of time, and the increase in job experience, immigrants acquire skills that will help them obtain higher-paying jobs in the United States. By reducing the option of working in very low wage jobs that provide substantial training, the minimum wage may be impeding the upward economic mobility of immigrants.

[55] The discussion in this section is based on a theoretical analysis developed in detail in Chiswick, *The Impact of Immigration on the Level and Distribution of Economic Well-Being*, in THE GATEWAY: U.S. IMMIGRATION ISSUES AND POLICIES (B. Chiswick ed. 1982) [hereinafter cited as Chiswick, *Immigration Impact*].

Again, for purposes of exposition, consider the implications of two polar cases: a cohort of low-skilled workers and a cohort of high-skilled workers. The immigration of low-skilled workers reduces the marginal product of low-skilled native workers, but raises the marginal product of high-skilled workers and capital. The former effect arises from the greater labor supply of low-skilled workers, who are good substitutes in production for native low-skilled workers. The latter arises from the principle of complementarity—that the marginal product of a factor increases when the quantity of other factors of production with which it works increases. Although one native factor loses and the other native factors gain, the overall income of the native population increases. This is because the losses to native low-skilled labor are more than offset by the gains to native high-skilled labor and capital. Thus, average income among the native population increases, but the distribution of this income becomes more unequal.

The increase in the average income of the native population contrasts with the decline in the average income of the total population (natives augmented by immigrants). This decline arises from the assumption that low-skilled immigrants have lower incomes than the native population's average income. Thus, if the native population's average income is a variable of primary interest for determining the appropriate immigration policy, changes in the total population's average income may be a misleading indicator.

The decline in the earnings of low-skilled native workers as a result of low-skilled immigration is partially mitigated by the income tax and the mix of income transfers. Many of the recipients of income-contingent transfers, particularly recipients of Aid to Families with Dependent Children (AFDC), Medicaid, and Supplemental Security Income (SSI), and most of the aged recipients of Social Security and Medicare have little or no attachment to the labor market and hence do not suffer a direct adverse impact. Those who do suffer a direct impact—the working poor—may be eligible for food stamps, and, in the case of single-parent families, AFDC. If they become unemployed, the poor may be eligible for state unemployment compensation and AFDC-UP (Unemployed Parents' component of AFDC). Because the native population's aggregate income has increased, at least in principle, sufficient income can be transferred from the gainers (high-skilled workers and owners of capital) to the losers (native low-skilled workers), so that all groups among the native population are at least as well off as before the immigration.

A dilemma arises, however, because by tradition as well as by law, legal immigrants (resident aliens) are eligible for the same income-transfer benefits as similarly situated natives.[56] The theoretical model indicates that if the low-skilled immigrants are to receive transfers that bring their incomes up to the pre-immigration income of native low-skilled workers, then the aggregate transfers will exceed the increase in income of high-skilled workers and capital. Thus, the native population as a whole can be made worse off.

With the immigration of a cohort of high-skilled workers, the wages of native high-skilled workers decline, while the wages of native low-skilled workers and the returns to capital, increase. The aggregate income, and hence the native population's average income, increases. The change in the total population's average income cannot be determined, however, without knowing whether the average income of the high-skilled immigrants is higher or lower than the income (earnings and return to capital) of the native population. The narrowing of skill differentials would appeal to those who dislike inequality in labor-market outcomes.

The rise in the wages of native low-skilled workers increases their tax payments and lowers their receipt of income-contingent transfers. Because of these resources, as well as the higher taxes paid by capital and the positive taxes paid by high-skilled immigrants, the marginal tax rates on the earnings of native high-skilled workers can be lowered. Thus, net of the tax-transfer system, high-skilled workers can be made at least as well off as before the immigration, without eliminating all of the gains of native low-skilled workers and capital. With high-skilled immigrants, equal treatment of immigrants and natives can be maintained in the income-transfer system, and all native groups can be made at least as well-off as before the immigration.

Recent empirical research has examined the relation between the characteristics of immigrants and the earnings of the native-born.[57] The analysis has been done for adult white non-Hispanic native-born men, using the 1970 Census. Holding constant the native-born person's human capital and demographic characteristics, weekly earnings among the native-born rise with an increase in the level of the foreign-born's schooling and labor-market experience. In addition, using immigrants from the English-speaking developed countries as a benchmark, earnings among the native-born rise with an increase in the proportion of immigrants from Europe and a decrease in the proportion from Cuba and other less-developed countries, while there is no differential effect for the proportion from Mexico. Thus, more highly skilled or more productive immigrants are associated with greater earnings among the native-born.

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[56] The Social Security Act, 42 U.S.C. § 301 (Supp. V 1981), limits an immigrant's receipt of Supplemental Security Income benefits during the first three years in the United States, unless an unanticipated disability arises after immigration. SSI provides cash benefits for low-income aged and disabled persons.

[57] B. Chiswick, The Effects of Immigration on Earnings and Employment in the

An often-expressed concern is that immigrants can take advantage of society's investment in public capital. By using roads, schools, dams, and parks that have been constructed before their immigration, immigrants "dilute" the public capital available to the native population, thereby decreasing the native population's income. Highly skilled immigrants would be substantial beneficiaries of income transfers broadly defined to include the consumption of public capital.[58] This point, however, confuses the timing of the construction of public capital with the financing of this capital. The construction of most public capital is financed not from current tax receipts, but rather from bonds that are retired with revenues raised from user-fees or taxes as the capital is consumed. To the extent that the public capital is paid for as it is consumed, immigrants do not gain, and there is no dilution of the natives' public capital even if it is constructed prior to the immigration.

V. ALTERNATIVE IMMIGRATION POLICIES

The review of current United States policy has shown that kinship is the primary criterion for rationing immigration visas, and that the visa applicant's skills or productivity characteristics play a relatively minor role. There is a considerable difference between the skill levels and earnings of immigrants admitted under the kinship criteria and under the productivity criteria. More favorable impacts on the level and distribution of the native population's income arise from higher-skilled immigrants than from

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United States, Part B, (1981) (available at University of Illinois at Chicago, Survey Research Laboratory).

[58] This is one of the arguments discussed in Usher, *Public Property and the Effects of Migration upon Other Residents of the Migrants' Countries of Origin and Destination*, 85 J. POL. ECON. 1001 (1977).

lower-skilled immigrants.

This section reviews two very different approaches to the reform of immigration policy.[59] The first is a skill-based rationing system in which an applicant's skill level, and hence the likelihood of his economic success in the United States, are the primary determinants of whether a visa is issued.[60] A point system is proposed for administering the program. The second approach is the set of recommendations from the Select Commission on Immigration and Refugee Policy[61] for modifications of the current system. The Commission's recommendations apparently would: (1) reduce the already small role of productivity characteristics in issuing immigration visas, (2) grant amnesty for illegal aliens, and (3) increase the relative and absolute number of low-skilled workers in future cohorts of immigrants.

A. *A Skill-Based Rationing System*

The current immigration policy could be shifted radically by focusing on productivity characteristics instead of kinship criteria. Under a productivity or skill-based policy, the primary criterion for rationing admissions would be the person's estimated productivity in the United States.[62] Research indicates that an immigrant's productivity, as measured by earnings and employment, appears to be related to the level and transferability of pre-immigration skills, including the level of schooling, vocational and on-the-job training, occupation, and knowledge of English. Prearranged employment also may be an aid to increased productivity.

In a productivity-based immigration policy, there is a temptation to grant visas to applicants in narrowly defined occupations in which there are "shortages," and to deny visas to applicants in "crowded" occupations. Indeed, in the occupational preferences of current immigration law, this approach has been adopted with absurd consequences. Physicians, nurses, physical therapists, dieticians, and others, are added to or withdrawn from the list of the most favored (Schedule A) occupations on the basis of political pressures of interested parties rather than on labor market studies.[63] Studies are not done to determine whether other occupations, such as engineering, are in equally "short supply." The economic aspects of the issues, including the subsequent occupational adjustments of the immigrants and the change in the occupational structure of the native-born labor force as a consequence of immigration, appear to play no role in the rulemaking process.

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[59] Policies regarding refugees and temporary (guest) workers are beyond the scope of this section.

[60] For a detailed analysis of this approach, see P. CAFFERTY, B. CHISWICK, A. GREELEY & T. SULLIVAN, THE DILEMMA OF AMERICAN IMMIGRATION: BEYOND THE GOLDEN DOOR (in press).

[61] The Commission was established by the Act of Oct. 5, 1978, Pub. L. No. 95-412, § 4, 92 Stat. 907-09 (1978), *amended by* Pub. L. No. 96-132, § 23, 93 Stat. 1051-52 (1979).

[62] Productivity or skill characteristics and a point system form the basis for rationing visas in Canada, Australia, and New Zealand.

The granting of visas on the basis of narrowly defined occupations invites efforts to subvert the system. If the occupational categories are defined more broadly, however, then the adverse impact from a cohort of immigrants will be more diffused. This might help to avoid the manipulation of a skill-based rationing system by narrow occupational interests. Also, there will be less incentive for any one occupation to attempt to close their occupational category.

It is difficult for planners to know where there will be labor "shortages" and where there will be labor "surpluses" in the coming years. Occupational adjustments occur not only through the immigration of persons in the occupation but also through the substantial occupational change of immigrants after they arrive in the United States, and through the occupational change of natives. The focus in a skill-based rationing system should be on an applicant's skill level, rather than on his narrowly defined occupation.

To combine the multidimensional aspects of skills into rationing criteria, it may be necessary to adopt a point system rather than a preference system. In a preference system, as formulated under current law, a person must meet a minimum standard under any one of several categories to be eligible for a visa.[64] There is no possibility for combining equities under each of two or more categories to raise one's rank in the queue. But under a point system, it is the sum of the points obtained from several categories that is relevant, rather than crossing a threshold in any one category.

Under a point system, points could be earned for various productivity traits, and a visa would be issued to persons who received a minimum number of points.[65] Each year of schooling may be worth, for example, two points. Apprenticeship, vocational training, and on-the-job training also would be worth a certain number of points. Points could be earned, possibly on a scale of zero to five, for fluency in English. Other points could be awarded for prearranged employment. To preserve the nonracist character of immigration policy, points should not be granted on the basis of race, ethnicity, religion, or country of origin.[66]

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[63] *See supra* notes 23-26 and accompanying text.

[64] *See supra* note 10.

[65] Persons exempt from the point system would be the immediate relatives (spouse and minor children) of U.S. citizens, refugees and their immediate relatives, and the immediate relatives of persons given an immigrant visa if they accompany the immigrant or come within a certain time (perhaps one year).

Evaluating skills and awarding points should be the responsibility of a single agency—the Immigration Service. To have this function performed in either the Department of Labor or the Department of Commerce would be to invite efforts by interest groups entrenched in either agency to subvert the system for their own purposes. As an independent agency, the Immigration Service would be subject to influences from many sources, and thus might be better able to steer a middle course.[67]

To reduce variations in the annual number of immigrants, a worldwide annual quota could be retained, with visas issued to those with the largest number of points among those who satisfy the threshold. To reduce the uncertainty concerning when permission to immigrate will be granted among those in the queue, additional points (that do not count toward the minimum threshold) might be given for waiting in the queue. Of course, if the queue gets too long, either the minimum threshold number or the annual quota should be increased.

The point system can be flexible to provide greater immigration opportunities for persons with relatives in the United States. This should be done without violating the rationing system's concern for the economic impact of immigrants. A small number of points may be awarded, for example, to applicants with relatives in the United States who will guarantee their financial support for a certain length of time. In this manner, persons who do not satisfy the general productivity criterion, but whose presence is of "consumption value" to their relatives in this country, would be more able to immigrate legally.

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[66] Canada uses a point system similar to the one suggested here for persons who are not the immediate relatives of citizens. In addition to the criteria indicated in this section, Canada gives points for the intention to settle in a geographic area that the Canadian government wishes to populate. The policy is of limited effectiveness because internal geographic mobility after immigration is not restricted. Because specific residential location would not be enforceable in the United States, and because the United States does not have a clearly defined regional policy, this would appear to be an inappropriate criterion for U.S. policy. Indeed, efforts by the federal government to disperse the Indochinese refugees geographically have been ineffective. There has been substantial internal migration from the community of first settlement to California, their preferred state of residence. *See* Gordon, *Settlement Patterns of Indochinese Refugees in the United States*, I.N.S. REP., Spring 1980, at 6-10.

[67] There is no compelling reason for immigration matters to be part of the Department of Justice. The immigration and naturalization functions are separable, and the latter only may be an appropriate function for the Department. As an independent agency, the new Immigration Service would be less constrained by Justice Department interests in making its case for more resources for enforcement, and would be in a better position to institute regulations and recommend policy changes based on overall economic considerations. The agency shall not have cabinet status.

History provides some examples of what the proposed immigration policy's effect would be on the occupational distribution of immigrants. In 1962 Canada shifted from a kinship-based immigration policy, not unlike current United States policy, to a system with kinship criteria for immediate relatives of Canadians and a primarily skill-based point system for others. The proportion of professional and technical workers among the immigrants increased from an annual average of twelve percent in 1956-1960 to an annual average of twenty-six percent in 1962-1971. The annual average proportion of unskilled workers declined from thirty-six percent in 1956-1960 to sixteen percent in 1962-1971.[68]

Some may argue that the productivity criterion outlined above is antifamily—that such a dramatic change from the current system would end the humanitarian goal of family reunification. This is not so. Foreigners with more kinsmen in the United States would still be more likely to apply for an immigrant visa, because immigrating to the United States is more attractive to them than to others in their home country. Additionally, the immediate relatives of United States citizens would still be eligible for admission without numerical restrictions. For other applicants, those who have sufficient points to immigrate could do so, and could be "reunited" with family members. A person with kinsmen in the United States would have two advantages: his relatives could help him prearrange employment, and they could guarantee his financial support for the first five years. Willingness to engage in these activities is one test of the relative's interest in his kinsmen's immigration.[69]

Many aliens can immigrate under the current kinship criteria but not under the productivity criteria. Their immigration is at the expense of the native population, since the United States will be accepting a less productive worker instead of a more productive worker. The largest adverse impact under the current system is experienced by native-born low-skilled workers. These workers face greater competition in the labor market and in the allocation of income-contingent transfers from a larger number of low-skilled immigrants. The current system provides the largest benefits to the relatives of immigrants entering under kinship criteria, many of whom are themselves recent citizens and resident aliens. This inequity would be removed under the productivity criteria.

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[68] Parai, *Canada's Immigration Policy, 1962-74*, 9 INT'L MIGRATION REV. 449, 469-72 (1975).

[69] Voluntary family dislocations that arise from economic migration are a less compelling reason for special "family reunification" visas than are the involuntary separations and dislocations often arising from situations that create refugees.

The political support for admitting a larger number of immigrants each year would be more broadly based under a skill-based rationing system than under the current kinship system. This is because of the more favorable impact of immigration on both the level and distribution of income. The extent to which the optimal number of immigrants would increase as a consequence of the change in criteria is an empirical question that warrants further study.

B. *The SCIRP Recommendations*

The Select Commission on Immigration and Refugee Policy (SCIRP), created by an act of Congress in 1978,[70] released its recommendations in February 1981.[71] The Commission's recommendations focused on a modification of the preference system for legal immigrants, amnesty for illegal aliens in the United States, and policies to control future illegal immigration. The apparent thrust of the Commission's recommendations is to: (1) increase the role of kinship, (2) decrease the already small role of skill or productivity in rationing immigration visas, (3) increase immigration of low-productivity workers, and (4) shift much of the burden of the enforcement of immigration law onto employers through a requirement that they screen all workers for their legal status.

SCIRP recommended retaining the current policy of allowing immigration without numerical limit for the spouses, minor unmarried children, and parents of adult citizens. It also recommended adding adult unmarried children (currently the first preference) and grandparents of adult citizens to the exempt list. Under current regulations, there is little binding constraint on first-preference visa applicants from most countries, with the exception of Mexico.[72]

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[70] Act of Oct. 5, 1978, Pub. L. No. 95-412, § 4, 92 Stat. 907-09 (1978), *amended by* Pub. L. No. 96-132, § 23, 93 Stat. 1051-52 (1979).

[71] SELECT COMM'N ON IMMIGRATION AND REFUGEE POLICY, 97TH CONG., 1ST SESS., U.S. IMMIGRATION POLICY AND THE NATIONAL INTEREST (Comm. Print 1981) [hereinafter cited as SCIRP].

The Commission endorsed a worldwide numerical limit and country quotas for other relatives and "independent immigrants." The recommended worldwide limit is 350,000 visas per year, with an additional 100,000 visas per year for five years to reduce the visa backlog.[73] The categories for other relatives would include the current second, fourth, and fifth preferences. A new category, the unmarried adult children of resident aliens, would also be included. The Commission further recommended that a "substantial" number of visas be set aside for the spouses and unmarried children of resident aliens, that there be no country ceilings for the spouses and minor children of resident aliens,[74] and that these visas be issued on a first-come, first-served basis. The second-preference country ceiling is severely binding only for Mexico and the Philippines. As of February 1983, second-preference applications by Mexican nationals filed in February 1974 were at the top of the queue.[75] The recommendations regarding the current second preference are related to the Commission's proposal of amnesty.

SCIRP views the independent immigrant category, which would replace current occupational and nonpreference categories, as a means of creating new kinship immigration streams ("new seed" immigrants), rather than as a mechanism for selecting workers with the greatest productivity in the United States.[76] The independent category includes a numerically limited number of persons with "exceptional merit and ability in their professions."[77] Nonetheless, the Commission also stated,

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[72] As of January 1, 1980, Mexican nationals totaled 38% of the first preference visa backlog. *Id.* at 146.

[73] *Id.* at 149. As of January 1, 1980, there was a backlog of 1.1 million visa applications, an increase of 100,000 over the previous year. *Id.* at 146. The Commissioners called for reducing the visa backlog as quickly as possible. Although no formal vote was taken, the report notes that "many Commissioners are of the view that per-country and preference ceilings—although applied to new applicants under the proposed system—should not apply to those in the backlogs." *Id.* at 150. Much of the backlog is concentrated in a small number of countries, including Mexico (25%), the Philippines (23%), and Korea (7%). The backlog exists primarily in the kinship preferences and nonpreference categories (5% in the second preference, 50% in the fifth preference and 26% in the nonpreference category), with only 7% in the occupational preferences. *Id.* at 146.

[74] *Id.* at 148.

[75] 5 Bureau of Consular Affairs, Visa Office, U.S. Dep't of State, Immigrant Numbers for February 1983 (No. 33, 1983).

[76] "It is the Commission's hope that this category will provide immigration opportunities for those persons who come from countries where immigration to the United States has not been recent or from countries that have no immigration base here." SCIRP, *supra* note 72, at 16.

> The Commission's intent is not to provide a separate category for highly trained or needed professionals (for example, nurses, doctors, engineers), artists or other persons of merit unless they are exceptional and qualify under specific established guidelines. . . . [T]he Commission further cautions against the creation of a significant channel which could deprive other nations of the highly skilled persons they need.[78]

A presumably larger category of other independent migrants is also proposed, to "allow the entry of persons without family ties in the United States and of persons whose family ties are distant. . . . One *possible* benefit will be the increased proportion of immigrants screened for labor market impact; this will both protect U.S. workers and enhance economic growth."[79]

SCIRP recommended amnesty for illegal aliens in the United States as of January 1, 1980.[80] Once given an adjustment of status, these persons could serve as sponsors for their relatives. Amnesty would increase the number of low-skilled workers in the United States in three ways. First, the prospect of amnesty would encourage the illegal immigration of other low-skilled workers with the expectation that, once granted, amnesty would be offered repeatedly. Indeed, illegal immigration increased sharply when President Carter made his proposal for amnesty in 1977. Second, amnesty would increase substantially the demand for immigration visas by the spouses and children of those given amnesty, and many of these soon would enter the labor market. The recommendations mentioned above for more favorable treatment of this category of immigrant, especially for Mexican nationals, would allow the system to satisfy much of this increased demand for visas. Third, many illegal aliens who return home during periods of seasonal and cyclical slack in employment would remain in the United States, as their families would be with them and they would be able to receive income transfers legally.

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[77] *Id.* at 130.

[78] *Id.* The Commission's view regarding the immigration of professionals is exemplified by its statement on nurses:

> The Commission concludes that the continuing shortage of practicing nurses in the United States justifies the admission of foreign nurses while that shortage continues, but urges that efforts be intensified to make nursing a more attractive career to induce more inactive U.S. nurses to return to that profession.

Id. at 223.

[79] *Id.* at 135 (emphasis added).

[80] *Id.* at 76-77.

SCIRP proposes to control future illegal immigration through increased resources for border enforcement, and through employer sanctions.[81] The Commission favors border enforcement more than interior enforcement by the immigration authorities: "It is both more humane and cost effective to deter people from entering the United States than it is to locate and remove them from the interior."[82] Border enforcement may be more cost effective per apprehension, but it is not necessarily more cost effective per deterred alien. A recommendation is made for a "substantial increase" in funding and personnel for the border patrol,[83] but no parallel recommendation exists for interior enforcement. There are no recommendations for penalties, other than deportation, against apprehended illegal aliens, even for those who engage in flagrant and frequent violations of the law. SCIRP also endorsed the Attorney General's ruling that "state and local law enforcement officers should be prohibited from apprehending persons on immigration charges, except in alien-smuggling cases."[84] This ruling limits the effectiveness of interior enforcement.

In spite of this hands-off policy for official law enforcement agents, the Commission has endorsed civil penalties against employers who knowingly employ illegal aliens, and criminal penalties against employers who engage in "flagrant and extended violations of the law following the imposition of civil penalties."[85] The Commission was vague about the mechanism through which employers could verify a worker's legal status, stating simply that it "support[s] a means of verifying employee eligibility that will allow employers to confidently and easily hire those persons who may legally accept employment."[86] The report does not indicate the magnitude of these costs of employee verification, their effects on the employment opportunities of high-turnover, low-skilled American workers, or whether such verification is feasible without a national identity card. Employer sanctions are not likely to reduce employment opportunities for illegal aliens without both a reasonably foolproof means of checking a person's legal right to work, and vigorous internal enforcement.

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[81] *Id.* at 46-52.

[82] *Id.* at 47.

[83] *Id.*

[84] *Id.* at 256.

[85] *Id.* at 64.

[86] *Id.* at 67.

Although there is much public concern about the use of welfare and subsidized medical care by illegal aliens, the Commission did not offer any recommendations on this issue. It did not, for example, endorse or even vote on proposals that have been made to alter current regulations of the Department of Health and Human Services that bar welfare and other public aid agencies from reporting suspected illegal aliens to the immigration authorities. Indeed, it is curious that SCIRP endorsed extending the burden of enforcement to employers, while favoring the current restrictions on referrals by state and local law enforcement authorities and welfare agencies.

The overall thrust of SCIRP's policy recommendations is to increase both the number and proportion of low-skilled immigrants while decreasing the number of high-skilled immigrants. This emphasis presumably arises from the Commission's concern for "global inequities,"[87] and what appears to be a desire to increase substantially immigration from Mexico. In nearly every instance, recommended modifications of current policy would favor Mexican immigrants over immigrants from other countries. These policies would deprive the United States of many highly productive foreign workers, depress the earnings of low-skilled American workers, and result in increased taxes to pay for an expanded income-transfer system. The economic impacts of SCIRP's recommendations appear to have been of minor concern to the Commission.[88]

VI. CONCLUSION

Immigration will continue to play an important role in American economic life. The public policy issue is not simply whether immigration per se is beneficial, but rather whether increased benefits to the United States can be obtained from changes in the number of immigrants and the rationing criteria. In an era such as the nineteenth century when public policy showed little regard for the income-distribution impacts of immigration, and when there were no public income-transfer systems to mitigate the losses to groups for whom the impact was adverse, an open-door or laissez-faire immigration policy was politically acceptable. These conditions no longer prevail, and an open-door immigration policy is not politically viable. If there are to be limits on immigration, then there must be a rationing mechanism. A mechanism that would provide more rapid growth in the income of the native population and a relatively smaller transfer system is generally preferable to one that offers opposite effects.

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[87] *Id.* at 20.

[88] This perhaps was foreshadowed by the Commission's research agenda, which virtually ignored research on illegal aliens and the labor market impact of immigrants. *See id.* at 436-37.

Current immigration policy is characterized by a rationing system based on kinship and by lax enforcement of immigration law. This policy has encouraged larger numbers of low-skilled immigrants to arrive in the United States than would have been here had the rationing criteria focused on the level of skill. SCIRP apparently would increase further the role of kinship, and decrease the already small role of the productivity characteristics or skills of the visa applicants. Rather than endorsing a major strengthening of the enforcement of current immigration law, the Select Commission proposes legalizing the status of illegal aliens in the United States, and shifting much of the enforcement responsibilities to employers through sanctions against those who employ illegal aliens. The Commissioners equivocated, however, on the crucial issue of how employer sanctions were to be administered. Also, they did not address the adverse impact of the additional cost of employer screening of workers upon employment opportunities for native workers in low-wage, high-turnover jobs.

As an alternative, a two-pronged policy approach could be adopted. One prong would be the more stringent enforcement of current immigration law—not only at the border, but also in the interior. Under this approach, there would be no blanket amnesty for illegal aliens, and the responsibility for enforcing immigration law would not be shifted to employers. The second prong would involve shifting the focus in rationing visas from kinship to the applicant's level of skill. As skill is not unidimensional, a point system should be adopted to combine the diverse elements into a single number. With the exception of the immediate relatives of adult U.S. citizens, whose entry would not be subject to numerical limitations, visas would be issued to those with the greatest number of points, i.e., to those with the greatest potential productivity in the United States. Points also could be given for less immediate kinship relationships, but this should not be allowed to overwhelm the productivity criteria. These proposals would better satisfy the twin objectives of increasing the productive potential of the economy and reducing the relative size of the income transfer system than would either the current system or the Select Commission's recommendations.

Representative SCHEUER. Mr. Borjas.

Mr. BORJAS. Let make two brief comments. First of all, the United States should try to secure its borders. We have not only a right to decide who gets into this country, we also have a duty to make sure that the people who get into this country are the people that national interest in some sense has decided are the ones who should be let in. Once that border is secured, then I also would stress changing the system away from a family preference system toward one that counts skill and occupational preferences a little more heavily.

Representative SCHEUER. You would agree substantially with Mr. Chiswick.

Mr. BORJAS. Yes; that's exactly right.

Representative SCHEUER. This has been a remarkably stimulating panel. We are now well past 12 o'clock. The House is in session. You have been very patient. You have been extremely forthcoming in your testimony. We are very, very grateful to you.

The subcommittee is hereby recessed.

[Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 9:30 a.m., Thursday, May 29, 1986.]

ECONOMIC AND DEMOGRAPHIC CONSEQUENCES OF IMMIGRATION

THURSDAY, MAY 29, 1986

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON ECONOMIC RESOURCES,
COMPETITIVENESS, AND SECURITY ECONOMICS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, DC.

The subcommittee met, pursuant to recess, at 9:35 a.m., in room 2359, Rayburn House Office Building, Hon. James H. Scheuer (member of the subcommittee) presiding.

Present: Representative Scheuer.

Also present: William Buechner, professional staff member.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, PRESIDING

Representative SCHEUER. The Subcommittee on Economic Resources, Competitiveness, and Security Economics will come to order.

Today we are holding the third of three hearings dealing with the effects of immigration, both legal and illegal, on American society, and over the next several months, we hope to hold additional hearings on the overall question of how demographic changes will affect America as we enter the 21st century.

Of course, in connection with the subject of today's hearing, namely immigration, legal and illegal, we have never to forget that we are all immigrants and, of course, it is incumbent upon us, an instinct in our Judeo-Christian heritage, to be generous in continuing to accept our fair share and more than our fair share of immigrants, as indeed we do. We accept more than half of all the immigrants around the globe who have crossed transnational lines.

What concerns us is not the level of legal immigration, but the explosion of illegal immigration that threatens dramatically in a very few years to change the very fabric, the intricate and sensitive interplay of balancing forces and groups in American society. Every aspect of our society, the economy, the labor market, the education system, our health programs, to name a few are threatened by this tidal wave of illegal immigration.

And as a matter of basic equity, basic fairness, basic elemental justice, we have to consider that those who play by the rules who wait for years to gain legal entry into our Nation stand by watching millions of others crash into the United States illegally and delay and frustrate the process of entry by those waiting to take their legal place in our society and who have the legal process which we have established.

It seems to me that our Nation must take steps to cope with this massive influx of aliens who by their illegal status dwell in the shadow world of fear and exploitation.

Looking ahead, one can only see an ominous growth, an exponential growth, in illegal immigration. The rapid advances in the industrialized countries, the improvements in per capita living standards steady year by year in the United States and other Western countries, coupled with severe developmental problems in almost all of the Third World, accentuated by a horrendous population explosion in Central America and in Mexico, have led to large disparities in per capita living standards between ourselves in this country and our neighbors to the South—Mexico and Central America. And each year this increasing gap has increased the incentive to crash through our borders. It has increased the push factors sending people out—the push factors of instability, political chaos, unemployment, underemployment, disease, malnutrition, ill health—and has increased the pull factors that attract people up across our borders as if by a magnet—the hope not only of jobs and a better standard of living in economic terms, but those characteristics of our Nation that for over 200 years have drawn us by equally strong magnets, the parents and grandparents and ancestors of the people in this room—liberty, freedom, individual dignity, the worth of every human being. These, too, are the magnets that draw people across our borders, in addition to the almost primordial magnet of a job and "empleo"—employment. As they say when your cross the border from Mexico and ask those people hovering about the border waiting to walk across, "Why are you coming to America?" "Empleo, empleo, empleo."

Of course, on our southern border we have a unique experience with a 2,000-mile border virtually unguarded, substantially out of control, without military protection, and we thank the Lord for that, that that hasn't been needed. We've been at peace with Mexico literally throughout our history except for the very short interval of the Mexican War.

But here on one side we have a prosperous, highly industrialized society that's getting richer, while on the other side we have a Third World nation that because of its population explosion and other factors is getting poorer and faces huge and growing levels of unemployment and underemployment. Mexico has upward of 600,000 new entrants into its job market coming on in the next decade or so, infants that are already born, who will be coming into the job market. They have never produced more than 200,000 or at the most 250,000 jobs at the heyday of their prowess as an oil-rich developing nation, and the exponential increases in the income gap, in the standard of living gap, can only produce exponential increases in the pressures to migrate, and there's only one way to go and that's north.

And the informal communications network has spread the word like wildfire that it's easy to crash across our borders, that there is very little deterrent. If you fail the first time, if you fail the second time, if you fail the third time, if at first you don't succeed, try, try again and ultimately you will make it, as the overwhelming proportion of these would-be illegal immigrants eventually do make it.

The problem is only compounded by the plummeting oil prices which have exacerbated conditions in Mexico and left that country teetering on the brink of not only financial collapse but of political disintegration too.

Mexico, in terms of its stability, its survival as even a one-party state, which it has been for a half a century, is teetering and one can only hope and pray that that tenuous situation, that political situation down south of our border doesn't collapse and we can only pray that we don't see a collapse of the social contract in that country.

At the present time, the Immigration and Naturalization Service estimates that approximately 2 million illegals are crossing our border every year. Some of them go back. So that the net immigration is probably less than that, but it's essential that our country finally begin to consider how we cope with this problem that's a horrific problem now and can only increase in the years ahead.

Hopefully, today's witnesses will help us find answers to these all-important questions. Our first witness, Gov. Richard Lamm of Colorado, over the past several years has established a clear and firm reputation as a thoughtful and outspoken activist in the national effort to control illegal immigration. He is one of the leaders in the emerging consensus that something must be done and done quickly, and we look forward to his testimony with a great deal of pleasure.

I want to say finally that this hearing was scheduled at a time when this week was supposed to be a congressional work week. Only a couple weeks ago Congress extended the Memorial Day recess to include this week. So we were faced with a Hobson's choice—do we cancel today's hearing and delay it to a time when other Members of Congress would be in town or, in deference to the very tight and busy schedules of witnesses, do we keep this day and hope that my colleagues on the committee would read the record and familiarize themselves with the testimony?

After conferring with Governor Lamm and other witnesses, I finally decided that since they had made plans to come to Washington at great effort and rearranged their schedules to do this, it was fair to hold the hearing as scheduled.

I would like to thank the Population Resource Center and the Population Reference Bureau for the enormous help they have given us in planning and organizing these hearings and I want especially to pay tribute and express my gratitude to Leon Bouvier and Nancy McConnell for their unflagging support and their wise counsel at every point along the road in preparing for these excellent hearings.

Governor Lamm, we're delighted to have you here today. We very much appreciate the fact that you made yourself available in our capital city in this 90-degree weather when you could have stayed and enjoyed the pleasant breeziness of Colorado.

Your testimony will be printed in full in the record and we invite you to take such time as you may need in presenting your testimony to us. We'll keep it nice and informal and I may ask you a question from time to time. I will certainly ask you some questions when you finish your testimony.

STATEMENT OF HON. RICHARD D. LAMM, GOVERNOR OF THE STATE OF COLORADO

Governor **Lamm**. Mr. Chairman, thank you, and let me take off where you left off. I very much agree with your opening statement. I think that it did give the overall cosmic view of the problem that this country faces.

I would like to summarize my testimony. I also have an addendum that I would like to put in the record where I've tried to go through and show some of the empirical evidence about the question of assimilation, which I would suggest to you is one of the bottom-line questions in the question of immigration.

Like you, I recognize that immigration has been good for this country. Like you, I believe that in limited numbers immigration will continue to be good for this country. But I believe that there are certain conditions that we have to make sure accompany that immigration.

I think massive immigration, particularly massive illegal immigration, involves serious and profound risks, but I think the bottom line question here, sensitive as it is, is: Is the melting pot continuing to melt?

I believe that that question of assimilation is of immense importance. Can we have today's immigration virtually out of control and still remain that one nation indivisible that is so important to a nation's history?

I believe that it's a closer question than most people recognize. Now just as a company must be concerned about the success of its employees and a general has to be concerned about the fitness of his army, and a captain about the state of his crew, so also a country must be concerned about the success and state of its new citizens. If they succeed, the Nation will succeed. If they fail or do not assimilate, then I believe that that country is given a destiny shattering blow.

No society can take anything as important as immigration on blind faith. Demography is destiny. A nation succeeds only if a vast majority of its citizens succeed. Thus, with immigrants accounting for approximately 40 percent of our Nation's growth rate, the future success of this country is inextricably bound to the success of these new immigrants.

And, Mr. Chairman, I believe we cannot just simply blindly hope. We can't just simply look at the Statue of Liberty and say, "Terrific." We must realistically know. I wrote a book with Gary Imhoff entitled "The Immigration Time Bomb: The Fragmenting of America," which in fact warns—it isn't so much a prediction as a warning—that if this assimilative process does not continue at historic levels, if both immigrants and this country don't make much stronger efforts to make sure that the assimilation and integration into our society and economy go on, then this country is in real, real trouble.

In other words, we have to ask the hard questions about the demographic future of our country. I think there are two basic responsibilities involving the question of immigration. One, that immigrants will come in and observe our laws if they enter the United States through legal channels; and two, that they become Americans. We only ask that they harmonize with American society. They don't have to necessarily homogenize, but they have to harmonize.

We know that a country needs to consistently assure that it remains one nation. A country needs a common purpose, a genuine community of values. There's a very powerful theme of this unity throughout all of history.

In our own history we are told 100 years ago, 120 years ago, that united we stand, divided we fall. The Bible tells us that if a kingdom is divided against itself that kingdom cannot stand.

So without successful assimilation we could, in my opinion, build into this country's future a deadly disunity. America, in short, must make sure that its social glue is in place or we risk our liberty.

We have always been a diverse people and the reforms of the 1960's were intended to promote diversity and pluralism among legal arrivals. It has succeeded. The United States receives more immigrants from India than it does from Italy and Greece combined. It receives fewer from West Germany than it does from Thailand. It receives fewer immigrants from Ireland than it does from Egypt. The United States takes more legal immigrants from Mexico, with 76 million people, than it does from all of Europe with 450 million people. It takes more legal immigrants from Haiti than it does from Italy, France, Ireland, and Norway put together.

So we have succeeded brilliantly in reversing the national origins concept of immigration, but we must ask ourselves, are we succeeding as well in that assimilation and integration?

Historically, America was a New World, a place where many nationalities and many languages could come together and live in a kind of harmony while the assimilation took place. We accepted people of many cultures, but they learned English, the language of the new country. They became a new people, not merely an extension of their countries of origin. That assimilation was absolutely essential both for the new country and for the new immigrants.

The melting pot did not demand a total meltdown, but it clearly tolerated a full range of melting rates. And it did require the newcomers to fully enter into the social contract.

The history of countries of two or more languages or two or more cultures is a history of disaster. Quebec, Belgium, Lebanon, Sri Lanka—the list goes on and on and on of countries that are simply torn apart when you do not assimilate, when you allow these competing languages or competing cultures to develop within it. There has to be a social glue that holds a people together.

Our country did not demand, nor should it demand uniformity, but it does demand a certain elemental level of unity.

I believe there are certain trends—and Gary Imhoff and I wrote about them in our book—which I think are ominous—that's one of the words I heard you use earlier—to the future of the social and political unity of this country.

One is immigration, as you pointed out, legal and illegal, is at the highest level in our history. Two, for the first time, a majority of immigrants speak one language, Spanish. The majority concentration of Spanish speakers among the new immigrants has already lasted for more than a decade and shows no sign of changing in the foreseeable future.

Three, there is a developing pattern of linguistic ghettos. Growing concentrations of immigrants to this country live in ethnic enclaves so large that migrants can live in the United States and never learn to speak English and assimilate into our culture.

Four, there has been a breakdown of that institutional support for assimilation.

Five, some of the largest immigrant groups are not succeeding economically.

Now America can and should accept people from many lands, but we have a great stake to make sure that they eventually become Americans. We have a great stake to see that they speak English, assimilate into our culture even while changing it—we're not afraid of changing our culture, but they also have to assimilate into our economy.

Now living in a nation that accepts many people from many cultures requries hard work. To me, it's like a marriage. It's not something that you take for granted. Both sides have to work on it. But immigrants and society must reach out toward one another. Both parties, in my opinion, are inadequately performing these tasks. More and more immigrants are living in America separated by language, geography, ethnicity, and class.

Mr. Chairman, this is a social time bomb. We have a hubris in this country and seem to feel that blindly we can accept unlimited numbers of people living in ethnic ghettos, separated by all of these things that I mentioned. It flies in the face of all that history teaches us.

I believe that there are warning bells that tell us that the normal assimilative process is simply not working. I believe that we have to ask the kind of hard questions that you were asking, but we don't seem to ask them in this country.

I think there are some real distinctions that I tried to put forth in my testimony of what the new experience in immigration or the vast majority of our immigrants, though not all of them by any means. Let me point out some of the distinctions, the significant differences.

One is distance. Immigration used to involve a clear separation from the old land. A great effort was taken to get to the United States. They came a long way over a big ocean to get here and it was impossible to get home. They were here. They had to cut off almost all their ties.

Now today the cost in time and effort to get here and return is a fraction of what it was from any place in the world. It's because of transportation and because so many immigrants are from this hemisphere. It's no coincidence that the two groups with the lowest rate of naturalization in this country are Mexicans and Canadians.

Two is diversity. In our early history there was a series of waves of immigrants from different places. There was an incredible diversity of people. It might be that it was heavy from Italy or Greece or Germany at a particular time, Ireland after a famine, but there were wavelets and, overall in our immigrant history, there was a terrific diversity of different people.

So that broad diversity of linguistic groups, ranging from Chinese to Polish, from Spanish to Swedish, came and sought that common language that we had. Furthermore, the concentrations that did occur proved to be short lived. Sure, there were linguistic ghettos in the 1900's, you bet there were, but in fact they were all on the road to assimilation.

Today, over half of our legal and illegal immigrants come from Spanish-speaking countries and, as I try to put forth——

Representative SCHEUER. Excuse me. Over half of the illegal immigrants come from Spanish-speaking countries; is that what you said?

Governor LAMM. Yes. I said that actually half of our legal and illegal immigrants come from Spanish-speaking countries.

Representative SCHEUER. It seems to me that of the illegal immigrants, we have close to 2 million of them crashing across our Mexican border, that an overwhelming percentage, verging on 100 percent, of the illegal immigrants except those coming from—well, there are some coming from Asia and the Middle East—but the overwhelming percentage of them would be coming across our Mexican border and would be Hispanic, far more than half.

Governor LAMM. Far more than half. The figures that the Immigration Service give—I was in San Diego in the 12th day of September in the Chula Vista area and 27 people from Mainland China had been apprehended. There's a number of Sikhs. There's a number of people from Bangladesh. But you definitely are right, a vast majority of our illegal immigrants come from Spanish-speaking countries.

The third point that I would like to make as distinguishing the historic immigrant experience is this discontinuity. We tend to remember early immigrants as a constant flow, but the truth is it was a series of waves that came in different areas and then stopped. The great immigration of 1885 to 1925 was followed by 40 years of virtual moratorium forced by a restrictive flow and the Great Depression and the two World Wars. It appears that today's immigrant communities will receive simply uninterrupted flows.

Now what do I bring from that? I tried to look at saying, "OK," and tried to look at this as objectively as possible. What's happening out there?

Now it's very difficult to tell. I am not a social scientist and I recognize how difficult it is to tell, but I really believe that something different out there is happening economically, something different is happening educationally, something different is happening linguistically.

I would suggest to you and try to support it in my addendum that I've made part of this record that there are a number of studies that raise these concerns. And the full answers aren't in, believe me. The Greeks say, "To know all to ask is to know half." And I believe it's very important that this committee, and you particularly, Mr. Chairman, are asking the right questions. We do not have all the right answers, but you are asking the right questions.

Three of our largest new immigrant groups, Mexicans, Filipinos, and refugees, are not advancing economically at a rate comparable to previous immigrant groups. I try to support what studies we know in my addendum.

Too many children are not succeeding in school. We're losing 50 percent of our Hispanic students—they never graduate from high school. That, again, is an unbelievable social time bomb. My grandfather was a bricklayer. Education has been historically the road to success and we're finding increasingly that too many of these children aren't succeeding. Certainly not all—obviously here's where you come into great distinction. A number of the Indochinese are succeeding, as you know beyond all measure. So we have to be exact and careful with what we're saying.

Representative SCHEUER. Well, now in your opinion, as an elected official and therefore as a social scientist—it's my opinion that all elected officials are social scientists or they wouldn't be elected officials. [Laughter.]

But anyway, as a pretty sensitive, sophisticated, perceiving guy who has his antennas up, to what do you attribute this difference in the success rate or the integration rate or the assimilation rate or the upward mobility rate of these various groups?

Governor LAMM. I think that people succeed in American society almost in direct correlation to how well they assimilate, and I would suggest to you that the reason that these children are not succeeding as much is that they are not assimilating as much.

Representative SCHEUER. And what explains the relative degree or the relative success in their assimilation?

Governor LAMM. I think, again, it's because people can come to the United States, they can live in a Spanish-speaking community, they can read a Spanish-speaking newspaper, and they can watch television in Spanish. Unlike the kids in the 1920's and the 1900's where they in fact had to learn English, today they can come and live their complete lives and never learn English. That obviously is retarding their ability to compete in American society.

Representative SCHEUER. Governor Lamm, I don't want to interrupt the flow of your testimony, but I want to follow this up. And if you would like you can continue the testimony and I'll wait.

Governor LAMM. This is what I would like.

Representative SCHEUER. OK. I represent Flushing, NY. And Flushing, by some magical chemistry, has an enormous Asian population. We have more Chinese now in Flushing than we do in Chinatown, and more in Queens than we do in Chinatown. We have an enormous Korean population, Indian population, Chinese population, Japanese population, and they are in their little enclaves in Flushing and they have their own little restaurants and boutiques and fraternal organizations and all of that. But yet, when the national merit scholarships are announced and the Westinghouse science scholarships are announced it's as if only Asians are succeeding in our school system.

Nationally, if I'm not mistaken, the Asian students took No. 1, 2, 3, 4, and 5 places in the Westinghouse science scholarships.

So they do have their little enclaves and they do have their fraternal groups, but somehow or other there's another element there that makes them succeed like gangbusters and integrate like gangbusters and assimilate like gangbusters.

What distinguishes them from other groups?

Governor LAMM. They do speak English. Not only do they speak English, but they speak English brilliantly.

Representative SCHEUER. I would say their language skills aren't as great as their cerebral skills. In other words, most of their outstanding achievement has so far come in mathematics, science, and the arts, including the performing arts where language skills are less important than they would be in English literature or history or the social sciences. They are learning English; of course, they are; but there has to be a seed of something else that explains their success.

Governor LAMM. Sure. As we both know, there are cultural differences. Certain cultures simply demand success of their children in much larger measure than other cultures.

Representative SCHEUER. It may be that something in their cultural background and their family background is very supportive of education, more so than perhaps other groups, that they get more support for achieving educational success at home from their parents, more guidance, more counseling, more direction, more role models.

Do you have any feelings about that?

Governor LAMM. Again, not only are these sensitive areas, but they're very difficult to generalize on. Even family size. It's interesting to see that the groups with the smallest family size in the United States are Jews and middle-class blacks. That's really fascinating. They are people who have tasted discrimination and recognize that it's better to educate fewer children and educate them well because you can percolate up through the system. So even in some of the studies, there are cultural differences about how different cultures value learning and value this assimilative process.

I certainly would say that your constitutents, the ones that you describe, have a different experience from illegal immigrants who live in Los Angeles, speaking Spanish, not learning English, living as an extension of Mexico.

Representative SCHEUER. You're describing what. I'm asking why the difference?

Governor LAMM. I know and I don't know.

Representative SCHEUER. I'm not looking for any simplistic answers. It's a question that baffles all of us because if we had the answers we could eliminate these differential success levels.

Governor LAMM. I do think that one of the aspects is the rate of assimilation. There is some evidence that in fact that when you have a Hispanic American who has no linguistic impairment, in fact has assimilated, that there is no distinction in their wage levels than there are other Americans in the wage level.

In other words, I think that some of the "discrimination" against Hispanics is really in fact a linguistic impediment, a cultural impediment. We have a Hispanic mayor in Denver. The society will take all as talented as he is any time. I think it is really important to find out the answer to your question and I don't pretend to know it, but I do suggest to you that there is strong evidence that in Hispanics who do assimilate, who do learn English skills, that their road to success does follow the normal immigrant pattern.

It is when they don't assimilate and don't learn English that they bring on themselves a burden that prevents them from being full participants in our society.

Representative **Scheuer**. Please go ahead with your testimony. I apologize for the interruption.

Governor **Lamm**. There is no issue more sensitive and more important than the one you raised. Why is it that different groups succeed beyond others? And I just hope we both keep asking those questions, even though I can't fully answer them.

Let me say that in my addendum I have referred to a John Garcia study, very fascinating, from the Immigration Review, where he found that the annual rate of naturalization from Mexican origin immigrants was one-tenth of that of the other immigrant rates. Now that in fact again is also a small part of the answer to your question, though not all of it.

Significantly, that pattern has not changed over the years. Garcia found that Mexican immigrants simply did not identify themselves as Americans, that they in fact kept, different than what we all keep, a certain memory of the old country. That's terrific, a certain memory of the old country. But I do think that you have to play by the rules of your new society, speak its language, and thereby start that assimilative process.

So being American is more than a question of just being here. For instance, Mario Oblito—the former president of the League of United Latin American Citizens, LULAC, originally founded to help Hispanics learn English and enter the American mainstream—said recently, "Spanish should be included in commercials shown throughout America. Every American child ought to be taught in both English and Spanish."

The mayor of Miami, FL, says that citizenship is what makes us all Americans. Language is not necessary to the system. Nowhere in the Constitution does it say English is the language.

Well, I believe that we have to answer that question. Is being American just a matter of being here or does it involve a common social glue of some sort, including language, that will make us truly one Nation?

I think if we decide that language and other common agendas are necessary to prevent America from having two or more cultures growing up separately in our midst, then we must make new moves to assure the success of our newest immigrants. We should stop illegal immigration, but we simply must also maintain responsible limits on legal immigration.

In finishing, let me cite one scholar, Seymour Martin Lipset, that I think is very terrific. He says:

> The history of bilingual and bicultural societies that do not assimilate are histories of turmoil, tension, and tragedy. Canada, Belgium, Malaysia, Lebanon—all face crises of national existence in which minorities press for autonomy, if not independence. Pakistan and Cyprus have divided. Nigeria suppressed an ethnic rebellion. France faces difficulties with its Basques, Bretons, and Corsicans. In Spain, Basques and Catalins demand linguistic rights and greater autonomy.

So, Mr. Chairman, in ending, I think the United States is at a crossroads. We have to either move toward greater integration or more fragmentation. Either we move toward a unified country which gains strength through diversity or we move to a bitter division which will result in perpetual tension and strife.

The United States faces a staggering social agenda already. We have not adequately integrated blacks into our society. We have an education system that is described as a rising tide of mediocrity. Fifty percent of our Hispanic students never graduate from high school. We're the most violent society in the industrialized world. We have startling high rates of illiteracy, illegitimacy, and welfare.

I think that it is an incredible hubris to madly rush with these unfinished social agendas into blindly accepting more immigrants and more refugees than all of the rest of the world combined and still hope we can keep that common agenda.

Now we can accept additional immigrants, but we must make sure they become Americans. We can be a Joseph's coat of many nations, but we must be unified. We must have English as one of the common threads that hold us together. We should be color blind, but we can't be linguistically deaf. We should be a rainbow, but not a cacophony. We should welcome different people, but not adopt different languages.

Thank you.

[The prepared statement of Governor Lamm, together with an addendum, follows:]

PREPARED STATEMENT OF HON. RICHARD D. LAMM

Immigration, historically, has been good for America. It can, in limited numbers, continue to be good for America. But massive immigration involves serious and profound risks. Ethnic, racial and religious differences can become a wedge; they can grow and eventually splinter a society. Our own society has been the exception to this historical pattern. But it is a mistake to believe that our success has been serendipitous or that it will continue to defy history without our work and care.

The Select Committee on Immigration and Refugee Policy found "If it is a truism to say that the United States is a land of immigrants, it is also a truism that it is no longer nor can it become a land of unlimited immigration. . . . The nation must continue to have some limits on immigration."

I believe that is the bottom line question that America has to face. We can accept additional immigrants, but the question is how many, and how are they chosen? That in turn leads us into the kind of inquiry that this committee is conducting. What are the effects of legal and illegal immigration? Is the melting pot continuing to melt? Can we have today's immigration, virtually out of control, and still remain "one nation, indivisible"? I believe this is a closer question than most realize.

Just as a company must be concerned with the success of its employees, a general with the fitness of his army, and a captain the state of the crew, so also a country must be concerned with the success and state of its new citizens. If they succeed, the country will succeed; if they fail or do not assimilate, then the country is given a shattering blow.

No society can take anything as important as immigration on blind faith. Demography is destiny. A nation succeeds only if a vast majority of its citizens succeed. Thus with immigrants accounting for approximately 40% of the growth rate, the future success of the country is inextricably bound up with the success of these new immigrants.

We must not blindly hope, we must realistically know.

I believe there is reason for concern.

I believe that America's national unity is threatened by massive levels of legal, and certainly, illegal immigration. Along with Gary Imhoff, I wrote a book called The Immigration Time Bomb: The Fragmenting of America. I believe that we must ask hard questions about the demographic future of our country. Toynbee warns that the same elements that build up an institution eventually lead to its downfall. Because something was good in the past does not necessarily mean that it will continue to be good in the future. I believe that one of the key unanswered questions in the immigration debate is the question of assimilation and integration.

The successful society that we have built, and which we ought to preserve, is one that welcomes immigrants but on our terms.

In a society that has become more concerned with civil rights than civil responsibility, it has become taboo to talk about the responsibilities that immigrants have to America. I think there are two basic responsibilities for immigrants:

1) That they observe our laws, i.e., that they enter the United States through legal channels; and

2) That they become American. We ask only that they harmonize with American society, not that they become homogenized.

It is true that each group of immigrants has changed the character of this nation and for the most part, the results have been positive. But in the end, it was our similarities not our differences that made the formula work. We became one nation.

We also know a country needs to constantly assure it remains one nation. A country needs a sense of common purpose. A genuine community of values.

There is a very powerful theme of unity throughout all history. In our revolutionary times we were told "We shall hang together, or most assuredly we shall hang separately." In the time of the Civil War we were told "United we stand, divided we fall." These were not quaint time period statements, but elements of profound truth, that a country needs social glue to hold itself together. It finds itself in the warnings of St. Mark in the Bible, "And if a kingdom be divided against itself, that kingdom cannot stand."

Without successful assimilation, we could build into this country's future a deadly disunity.

America must make sure its social glue is in place or we risk our liberty. This issue relates to the symbolism that the Statue of Liberty has had with immigration. The Statue of Liberty has always symbolized values which transcended and thus bound together diverse groups of people.

The reform of our immigration laws in the 1960's was intended to promote diversity and pluralism among legal arrivals. It has succeeded.

The United States receives more immigrants from India than it does from Italy and Greece combined. It receives fewer from West Germany than it does from Thailand; it receives fewer immigrants from Ireland than it does from Egypt. The United States takes more legal immigrants from Mexico, with 76 million people, than it does from all of Europe, with 450 million people. It takes more legal immigrants from Haiti than it does from Italy, France, Ireland and Norway altogether. We have succeded brilliantly in reversing the "national origins" concept of immigration. But are we succeeding as well in assimilation and integration?

Historically, America was a new world; a place where many nationalities and many languages would come together and live in a kind of harmony while they assimilated to the national norm. We accepted people of many cultures, but they learned English, the language of the new country, and they became a new people, not just merely an extension of their countries of origin.

The assimilation was absolutely essential, both for the new country and for the new immigrants. American-born citizens showed a tolerance for the newcomers' differences as long as they Americanized. There was sort of a covenant; the immigrant would learn English and a useful skill in the United States and he would participate in the political system by becoming a citizen, a voter, and — if necessary -- a soldier. In return he would be accepted as a political equal. He would become an American.

The immigrants received liberty and tangible economic rewards. But they had to make an irrevocable commitment to the language and political system of America. The melting pot did not demand a total meltdown, and it clearly tolerated a full range of melting rates, but it did require newcomers to enter fully into our social contract.

The reason that this has worked so well is that people honored that covenant; they truly became Americans. It is important in a historical sense that this process continue. The history of countries with two or more languages, or two or more cultures, is a history of disaster: Quebec, Belgium, Lebanon, Sri Lanka. On and on goes the mournful list of conflicts, tensions, and disunity. There has to be some sort of social glue that holds people together. Our country did not demand uniformity, but it did demand certain elemental levels of unity.

There are certain trends that I believe are ominous for the future social and political unity of this country.

1) Immigration, legal and illegal, is at the highest level in our history.

2) For the first time, a majority of immigrants speak just one language -- Spanish. The majority concentration of Spanish speakers among the new immigrants has already lasted for more than a decade and shows no signs of changing in the foreseeable future.

3) There is a developing pattern of linguistic ghettos. Growing concentrations of immigrants to this country live in ethnic enclaves so large that migrants can live in the U.S. and never learn to speak English or to assimilate into our culture.

4) There has been a breakdown of institutional support for assimilation.

5) Some of our largest immigrant groups are not succeeding economically.

America can and should accept people from many lands, but we have a great stake to make sure that they eventually become Americans. We have a great stake to see that they speak English, assimilate into our culture (even while changing it), and also are absorbed into our economy.

Living in a nation that accepts many people from many cultures requires hard work. Like a marriage, it requires sensitivity, dedication, understanding, and continuing effort. Both the immigrants and the society much reach out toward one another.

Both parties are inadequately performing their historic tasks. More and more immigrants are living in America separated by language, geography, ethnicity and class. This is a social time bomb.

I believe there are some warning signals that tell us that the normal assimilative process in America is not working. I believe that we have to ask the kind of hard questions that this committee is asking. I do not have a comfortable or simple answer to the questions, but I know that they are too important to America's future to be left to chance. We cannot assume that the effects of today's immigration will be identical to that of the past, for there are significant differences. Among them are:

1) Distance. Immigration used to involve a clear separation from the old land. A great effort was taken to get to the United States and it was difficult or impossible to go home. Today, the cost in time and effort to get here and to return home is a fraction of what it once was. It is no coincidence that the two groups with the lowest rates of naturalization are Mexicans and Canadians.

2) Diversity. Immigration was in our early history a series of waves from different places. While there were substantial concentrations of a particular language group in past decades (e.g. 28 percent German-speaking in 1881-90 and 23 percent Italian-speaking in 1901-10), previous immigration flows generally were characterized by a broad diversity of linquistic groups ranging from Chinese to Polish to Spanish to Swedish. Furthermore, those concentrations that did occur proved to be short-lived. Today, over half of our legal and illegal immigrants come from Spanish-speaking countries.

3) Discontinuity. We tend to remember early immigration as a constant flow but the truth is that it was a series of waves that came from different areas and then stopped. The great immigration of 1895-1925 was followed by 40 years of a virtual moratorium enforced by restrictive law, the Great Depression, and two world wars. It appears that today's immigrant communities will receive uninterrupted flows.

Thus, current immigration is in a different setting and in a different context and a different time. We have to ask ourselves, is the current generation of immigrants assimilating in the same or similar patterns to our early immigrants? What is happening to them economically? Are their children making it in school?

I do not have the answers to these questions, but I believe that there is some very serious evidence that the normal assimilative process is not working.

I have summarized some of the studies on which my concerns are based at greater length in the written addendum which accompanies this testimony. Put briefly, the evidence suggests that:

1) Three of the largest new immigrant groups -- Mexicans, Filipinos, and refugees -- are not advancing economically at a rate comparable to previous immigrant groups.

2) Too many of the children are not succeeding in school, yet education has historically been the door to opportunity for immigrants.

3) Use of public assistance and the presence of crime -- often with immigrants the victims -- are too high.

4) Naturalization rates of Mexican immigrants are very low, and studies suggest a disturbing alienation toward American society among second and third generation Hispanic-Americans.

In addition, a number of Hispanic leaders conclude outright that the United States must become a bilingual and bicultural society. Mario Obledo, former president of the League of United Latin American Citizens (LULAC), which originally was founded to help Hispanics learn English and enter the American mainstream, now says "Spanish should be included in commercials shown throughout America. Every American child ought to be taught both English and Spanish." The mayor of Miami, Florida, says "Citizenship is what makes us all Americans. Language is not necessary to the system. Nowhere does the Constitution say English is our language."

I believe America has to answer that question. Is being American merely a question of being here, or does it involve a common social glue, including language, that will make us into truly one nation? If we decide that language and other common agendas are necessary to prevent America from having two or more cultures growing up separately in our midst, then we must take new efforts and must move to assure the success of our newest immigrants, we should stop illegal immigration, and we must maintain responsible limits on legal immigration.

I would suggest that future liberty requires the historic assimilative process to continue. One scholar, Seymour Martin Lipset, put it this way:

> "The history of bilingual and bicultural societies that do not assimilate are histories of turmoil, tension, and tragedy. Canada, Belgium, Malaysia, Lebanon -- all face crises of national existence in which minorities press for autonomy, if not independence. Pakistan and Cyprus have divided. Nigeria suppressed an ethnic rebellion. France faces difficulties with its Basques, Bretons, and Corsicans. In Spain, Basques and Catalins demand linguistic rights and greater autonomy."

The United States, in my opinion, is at a crossroads. It must move toward either greater integration or toward more fragmentation. It will either move toward a united country, which gains strength through diversity, or bitter division, which will result in perpetual tension and strife.

The United States already faces a staggering social agenda. We have not adequately integrated blacks into our economy or our society. We have an education system rightly described as a "rising tide of mediocrity." Fifty percent of our Hispanic students never graduate from high school; we have the most violent society of the industrialized world; we have startlingly high rates of illiteracy, illegitimacy, and welfare. It takes an incredible hubris to madly rush, with these unfinished social agendas, into blindly accepting more immigrants and refugees than all of the rest of the world put together, and still hope that we can keep a common agenda.

America can accept additional immigrants, but we must be sure that they become American. We can be a Joseph's coat of many nations, but we must be unified. We must have English as one of the common threads that hold us together. We should be color blind, but not linguistically deaf. We should be a rainbow, but not a cacophony. We should welcome different people, but not adopt different languages.

The demographic future of this country is too important to leave to chance or to the special interests. In 1986, it may be illiberal, even taboo, to discuss the consequences of major racial and ethnic changes in our society. Unfortunately, our dream of a country where race and ethnicity are irrevelant is still an ideal toward which we are striving. In the meantime, we must discuss the unspeakable because ignoring reality is always the worst of all possible options.

ADDENDUM TO THE PREPARED STATEMENT OF HON. RICHARD D. LAMM

Mr. Chairman, I welcome the opportunity to add to my statement a few additional facts about the effects of large-scale immigration on the United States. While writing *The Immigration Time Bomb*, I researched the impact of massive legal and illegal immigration on education, on law enforcement, on government services, on assimilation, and on economic competition with native American workers. Since completing the book, I have continued to examine these impacts. The conclusions I reached on these subjects have been strengthened by recent studies and by the information that has subsequently become available.

EDUCATION

New immigrants who are able to learn this country's language and culture will be able to advance more rapidly. This country helps new immigrants assimilate chiefly through the American educational system. And it is becoming increasingly obvious that our country's schools are being overwhelmed by the size of this task. I criticized bilingual education programs in my book. I wrote that Americans

> think that America is a great country with a rich culture -- and migrants who come here, who choose this country, must think so too, or they would not have undertaken the difficult job of uprooting themselves from their homes and moving to a foreign land. If immigrants do not feel that they are fully a part of this society, as American as everyone else, then we are failing. We should reexamine the methods we use to integrate immigrants into our country and the goals of those methods. Languages are social cement. If bilingual-bicultural education encourages a feeling of separateness and difference among its students, it is simply inappropriate for this country.[1]

Aside from the question of language, I did not research the difficulty of educating new immigrants in American school systems -- or of educating immigrants who are too old for formal primary or secondary schooling. But it now seems to me that this difficulty deserves serious attention. Next year, at least fifteen percent of those students who will be beginning their schooling in the United States will be immigrants who speak no English.[2]

The disparity between the school performance of Hispanic and non-Hispanic students is large, and the disparity is not being narrowed. The Urban Institute's study of new Hispanic immigrants in southern California, The Fourth Wave, reports that:

> Taking the level of education of the household head as an indicator of a family's social and economic standing, for example, we see that among Hispanic students ages fourteen to twenty living in households headed by a person with less than a high school education, 27 percent are two or more years below expected grade level compared with 16 percent for comparable non-Hispanic students. As the level of education of the head of household rises, the percentage of students lagging behind in school decreases for both groups, but the disparity between Hispanic and non-Hispanic students continues. Among Hispanic students ages fourteen to twenty living in a household headed by a person who has attended college, 17 percent lag behind in school compared with 7 percent for comparable non-Hispanics.[3]

The Urban Institute study also found disturbing evidence that forty percent of Hispanic immigrants who have lived in the United States for more than ten years still cannot speak English:

> Nearly half of all members of Spanish-speaking households in Los Angeles are classified as "not speaking English well." The figure is still higher (71 percent) among recent Mexican immigrants. Even among many of those who have lived in the United States for more than ten years, the ability to speak English is limited: only 60 percent of these longer-term Mexican residents speak English well. Such figures collected by the 1980 census for adults in Spanish-speaking households contrast sharply with the fluency in English of members of Los Angeles households where non-English languages other than Spanish are spoken; only about one-fifth of these adults do not speak English well.[4]

The seeming inability to teach English to many new Hispanic immigrants has dramatically increased the incidence of illiteracy in the United States. The Census Bureau survey of literacy in America, made in 1982, deliberately defined literacy very conservatively and measured it by an easy test. Yet it found that 13 percent of the adults living in the United States were illiterate in English. This widespread illiteracy is largely, though certainly not wholly, a result of immigration:

> About 37 percent of [illiterates] speak a language other than English at home; among that group, 82 percent are immigrants and 21 percent entered the United States in the last six years.[5]

In *The Immigration Time Bomb*, I uncritically accepted the argument that bilingual education programs lowered the school drop-out rate of non-English-speaking students. But I have since found that not a single study has demonstrated this supposed effect. On the contrary, studies have shown that the school drop-out rate of Hispanic students in the United States is disturbingly high, seemingly regardless of any special programs aimed at retaining them. As Joan Moore and Harry Pachon have written:

> A survey taken in the middle of the 1970's showed that 45 percent of Puerto Ricans and 55 percent of the Mexican Americans between the ages of 14 and 30 who were born outside the mainland United States were not enrolled in school and were not high school graduates. This contrasts to 16 percent of the Puerto Ricans and 18 percent of the Chicanos born in the United States who were neither in school nor high school nor high school graduates. In other words, birth in this country creates a 30 to 40 percent difference. Obviously, U.S. schools are better able to educate young people born in the United States. Yet the Hispanic population contains a high percentage of immigrants -- and it is very likely that this trend will continue.[6]

Early drop-out rates are shown by the following chart, compiled by the American Council on Education.

Individuals 25 Years and Older with Less Than Five Years of School[7]

	National	Northeast	West	South
White	2.7%	2.1%	2.4%	4.1%
Black	9.6	4.7	4.5	14.0
Hispanic	17.6	12.6	17.3	21.0

The Urban Institute reported that, "Nationwide, 55 percent of Mexicans are high school graduates, compared with 72 percent of blacks and 83 percent of whites."[8] (It should be noted that throughout the Urban Institute study, the authors use 'Mexican' to designate Mexican-Americans as well as Mexican-origin legal and illegal immigrants.)

The Rand Corporation's report on "Current and Future Effects of Mexican Immigration in California" cites statistics about school drop-out rates that are very similar to those found by Moore and Pachon. It also cites drop-out rates of about 20 pecent for American-born Hispanics and over 50 percent for new immigrant Hispanics. But the Rand Corporation researchers and I reach different conclusions from these figures. Even Rand agrees that, "given the importance of education in moving immigrants up the occupational ladder, this [20 percent] rate should be a source of deep concern to both policymakers and the Latino community."[9] But the Rand report seems to say that, because there is improvement over generations, the 50 percent drop-out rate of new Hispanic immigrants should be of little concern. I cannot agree.

LAW ENFORCEMENT

I wrote that, "The relationship of immigration and crime is by general, unspoken agreement a taboo subject for researchers and for the popular press."[10] But that taboo is now being broken. Crime by new immigrants is becoming increasingly important throughout the nation. Certainly, most new immigrants are law-abiding. That is not the point. The point is that our present methods of screening legal immigrants entering this country and of barring illegal immigrants from entering this country allow large numbers of criminal aliens to come into the United States and to remain here. I shall present only a few examples.

Marielitos commit at least a third of all inmate-on-inmate and inmate-on-guard attacks in the federal prison system. The Mariel Cubans immigrated to the United States in the 1980 boatlift. A large percentage of them were hard-core criminals who were placed on the boats by the Castro Administration. All of the 1,850 current residents of the Atlanta Federal Penitentiary are hard-core Mariel Cuban criminals -- and a third of all attacks by inmates on guards and on other inmates in the entire federal prison system occur in that single penitentiary. It has the highest rate of prison violence in the nation.[11] Mariels comprise just one hundredth of the population of Las Vegas. Two years ago, when I researched my book, a tenth of all homicides in Las Vegas were committed by Mariels; today, one quarter of that city's homicides are committed by them.

Illegal immigrants are an important element of street crime in southern California. Bob Burgreen, Assistant Chief of Police in San Diego, has said, "The lack of a meaningful and enforceable federal immigration policy between the United States and Mexico is having a major impact on crime in San Diego." More than twenty percent of the suspects in that city's burglaries and auto thefts are illegal immigrants, and "police officials are convinced the number of robberies, rapes, and homicides along the border would be even higher if it were not for the work of the Police Department's joint task force with U.S. Border Patrol agents."[12]

Aliens under order of deportation -- even aliens who have previously been deported -- have been shown to commit numerous crimes in New York City. In March of this year, the General Accounting Office wrote that,

> in the 15-month period ending September 30, 1985, the New York City Police Department reported that 12,306 aliens were arrested on felony charges (about 10 percent of the total felony charges) and 11,109 aliens were arrested on misdemeanor charges.[13]

and that,

> As of November 20, 1985, NYDO [the INS New York District Office] had about 200 potentially deportable alien cases awaiting assignment to investigators. These aliens were to be located and apprehended for deportation. An estimated 84 percent of the cases had been awaiting assignment for more than 3 months, and about 31 percent for more than a year. The aliens involved in these cases continued to be arrested and convicted for crimes after NYDO had identified them as potentially deportable. For example, 77 percent of the aliens were arrested at least once after being identified as potentially deportable, 45 percent were arrested more than once, and 11 percent were arrested five or more times. Twenty-one percent of the aliens had been deported at least once and were arrested at least once after returning to the United States.[14]

And, perhaps most worrisomely, entire organized crime rings are immigrating to the United States from Asia. In October 1985, Attorney General William French Smith testified before the President's Commission on Organized Crime that the Mafia and the Cosa Nostra were being brought under control, that after several decades of law enforcement efforts, "we may be witnessing nothing less than the beginning of the end of the traditional organized crime that has plagued our nation for so many decades." But at the same time, he said that "new crime cartels" from Asia were being established in the United States by new immigrants.[15] The Commission found that organized crime groups like the Yakuza of Japan and the Bamboo Gang of Taiwan are advancing in the ranks of American organized crime and could someday become more powerful than the Mafia.[16] The Commission has turned up evidence that the Chinese Triads are responsible for 20 to 30 percent of the heroin being smuggled into the United States.[17]

GOVERNMENT SERVICES

I wrote that, "the United States, with a gigantic federal deficit and too many claims on existing social service and welfare programs, cannot ignore the growing burden caused by large numbers of immigrants, particularly illegal aliens. Illegal aliens are not the chief cause of the rise of welfare costs in America, but they do constitute a significant part of the cast of welfare in many areas and states."[18] Recent studies of the extent to which illegal aliens use government services have not altered that conclusion. But recent studies have stressed that the burden of paying for illegal immigration is now being borne by local governments.

Almost all public services provided to illegal aliens are the responsibility of local city and county governments. Researchers Sidney Weintraub and Gilberto Cardenas directed the Undocumented Workers Policy Research Project at the University of Texas at Austin. In their 1984 study of illegal aliens' use of public services in Texas, they concluded that the state of Texas received more money in tax revenues from illegal aliens than it paid to provide direct services to them. The state received tax revenues that were 1.75 to 2 times its cost for services. But they also found that Texas cities and counties paid 1.8 to 2.7 times more to provide services to illegals than they received in tax revenues from them.[19]

The Rand Corporation study mentioned above made similar calculations, though its statistics have not yet been published. The Rand report omitted the cost of educating illegal alien children from all its balances, and found that -- when education is excepted -- illegal aliens in Southern California paid more in taxes than they received in direct government services. But Rand found that the costs of government services are rising :

> the cost of providing public servics to Mexican immigrants seems likely to be rising as the number of permanent immigrants increases and more of them make use of public services such as education. At the same time, the tax revenues collected from immigrants are increasing as the proportion of them working in jobs where social security and income taxes are collected increases. However, given the progressive nature of California's income tax structure, the low income levels of most Mexican immigrants, and the likelihood that the fraction of permanent immigrants is growing, the costs may well be rising faster than the revenues.[20]

Rand also found that local government bear the burden of providing these services:

> The two services most likely to be used by Mexican immigrants, education and health care, are disproportionately financed by local and state governments, while two of the major sources of tax revenues, federal income and social security taxes, are collected by the federal government. Indeed, to the extent that the costs to local governments of providing services to immigrants exceed the revenues received from those immigrants, those local governments are subsidizing other parts of the state and the country.[21]

The Urban Institute analysis of Mexican-origin immigrants in southern California also found widespread use of public services, although it did not attempt to make a uniform distinction among illegal aliens, legal aliens, and Mexican-Americans. Again, the Urban Institute found that the two most costly public services provided to illegal aliens are education and health care. One out of every six children attending school in Los Angeles is a member of a Mexican immigrant household, and Los Angeles County spends $77 million a year on health care for illegal aliens.

The Urban Institute found that in 1980, on average, Los Angeles County households paid $2,598 in state taxes, but Mexican immigrant households paid just $1,425. As a result, the state treasury faced a deficit of $1,779 per Mexican immigrant household, compared with an average deficit of $139 per Los Angeles household. When state and local government expenditures were combined, Mexican immigrant households in Los Angeles received an average of $4,842 in government services in 1980 and paid $2,597 in taxes. The cost of benefits received by Mexican immigrant households were nearly twice the taxes paid by them. The combined state and local government deficit was $2,245 per Mexican immigrant household.[22]

ASSIMILATION

In _The Immigration Time Bomb_, I wrote that "it is notable that we as a country have been unsuccessful in integrating many Hispanic -- particularly Mexican -- immigrants into our political and cultural life."[23] Assimilation is not an automatic process. It is something which requires work and effort by both the host culture and the new immigrants themselves. When immigration is at today's massive levels, assimilation requires even more attention.

In my book, I called attention to a study by James Lamare of the identification of Mexican-American children with the United States. Lamare tested seven hundred Mexican-American children, aged nine to fourteen, who lived in El Paso, Texas, in 1978. The children represented first through fifth generation immigrants. Lamare found that:

> Overall, Mexican American children, regardless of generation, show only limited commitment to the American political community. To be sure, each generation professes a preference for living in the United States, but only the mixed and second generation consider this to be the best country. None of the five cohorts prefers the label "American" over identification tags more reflective of their national origin. Lastly, no generation exhibits a strong sense of trust in others.[24]

Further evidence of this balkanization is presented by Gerda Bikales and Gary Imhoff in their booklet, "A Kind of Discordant Harmony."[25] The following examples are from that booklet. Lamare's findings of alienation are reinforced by the low rate at which Mexican-origin immigrants chose to accept American citizenship. In 1981, John A. Garcia studied the political integration of Mexican immigrants into U.S. society since 1920. He found that annual rates of naturalization for Mexican-origin immigrants varied between 3.89 and 5.88 percent, as opposed to naturalization rates between 30.23 and 50.57 percent for other nationalities. Garcia found that:

> consistently few Mexicans chose to become naturalized when they satisfied the eligibility requirements. . . . The average rate of naturalization is one-tenth of that of other immigrants' naturalization rates, and this pattern has not changed significantly over the years.[26]

Garcia, like Lamare, also found that Mexican immigrants did not identify themselves as Americans, and he stressed his concern about this:

> Not too surprisingly, the most critical variable for Mexican-born respondents proved to be the extent of social identity with being American (or not identifying as an American). . . . Individuals with continued attachments to Mexico are more than likely to remain non-naturalized.[27]

The Southwest Voter Registration Education Project of San Antonio, Texas, and the Hispanic Population Studies Program of the

Center for Mexican-American Studies at the University of Texas at Austin have cooperated on a series of studies of the Mexican-American electorate. Robert R. Brischetto and Rodolfo O. de la Garza, in one of their works, found a high degree of political alienation among American citizens of Mexican origin. Over 71 percent of their citizen respondents agreed with the statement that "politics is too complicated," and fewer than 32 percent ever attempted to talk others into voting a certain way. They also found an extremely strong correlation between low English-language ability and alienation from political involvement:

> First, Spanish monolinguals participate less, regardless of age, on all measures of political involvement. . . . Second, Spanish monolinguals -- regardless of age -- are less interested in politics and generally more alienated from the political system than are bilinguals and English monolinguals. . . . Third, Spanish monolinguals -- both younger and older -- are less likely to identify with one of the two major political parties than are English speakers.[28]

The *Miami Herald* conducted an extensive survey of Dade County, Florida, residents in October and November of 1983. It found that an overwhelming majority -- 78 percent -- of Cuban-Americans in Miami wanted official brochures and signs to be printed in Spanish. It also found that only 39 percent of Cuban-Americans said they frequently had a social conservation, ate together, or played sports together with people of other races or ethnic backgrounds -- well below the 50 percent of Dade County whites and blacks who answered that question affirmatively.[29]

Yankelovich, Skelly & White, a nationally known marketing research firm, conducted a study of the Hispanic market for SIN, the Spanish International Network, in 1981 and again in 1984. It found that "in 1984, compared with 1981, more Hispanics think of themselves as Hispanics first, and Americans second."[30] This survey also showed that "there was a significant increase in the desire to perpetuate Hispanic traditions through succeeding generations,"[31] and that, "From 1981 to 1984, there is no sign of increased commitment to mastery of English, at the possible expense of Spanish; the commitment to Spanish is stronger if anything."[32]

ECONOMIC COMPETITION

In The Immigration Time Bomb, I wrote that:

> Illegal immigrants have two primary effects on American workers: they can make them lose their jobs because an employer prefers illegal immigrant workers, and they can make their wages and working conditions go down because illegals will accept lower pay and worse working conditions.[33]

The studies that have been released in the past year confirm this conclusion.

The Rand Corporation's report on California contends that, "Immigrants appear to have provided a net benefit to the California economy by supporting industrial and manufacturing growth."[34] But this conclusion is belied by the evidence Rand provides for it. The support that immigration provided for growth was this: "Our evidence suggests that Mexican immigrants may actually have stimulated manufacturing employment by keeping wage levels competitive."[35] "Competitive" here is a euphemism for "low." Compared with the United States as a whole, wages in California grew 12 percent more slowly during the 1970's; wages in Los Angeles grew 15 percent more slowly. The wages of Latino workers in Los Angeles grew 40 percent more slowly. "The net effect of this slower growth has been that Latino wage levels in Los Angeles, which ten years earlier were 25 percent higher than the national average, are now at that average."[34] The Rand Corporation downplays this wage depression, and concludes that it is a minor negative labor market effect. I assess it differently: it is a serious matter when the wages of workers are depressed to this extent.

The Urban Institute's study of immigrants in California reinforces these conclusions. The Urban Institute found that relative wages for unskilled workers in Los Angeles declined from 2 percent *above* the U.S. metropolitan average in 1969 to 12 percent *below* the average in 1980.

The statistics in the Urban Institute study also show that, in the southern California labor market, immigration from Mexico is substituting for internal migration from the rest of the United States. Immigrants absorbed more than two thirds of the 645,000 jobs added to the Los Angeles economy during the 1970's. In Los Angeles County alone, some 55,000 manufacturing jobs that were once filled by native workers have gone to recently arrived immigrants. An additional 24,000 immigrants have taken jobs in Los Angeles' service economy -- during a decade when that sector lost 7,400 jobs.

The authors of *The Fourth Wave* contend that they found little evidence that American workers were directly displaced by immigrants in the southern California labor market. The problem with their analysis is that they limit it to those American workers who have survived within that labor market. Between 1970 and 1980, while the foreign immigrant population of Los Angeles County grew by a million, the native-born population of the County fell by a million. During the 1970's, over one million native-born Americans left Los

Angeles County for other parts of California and the United States. This is a strong indication that massive immigration is not just displacing Americans out of jobs in southern California -- it is displacing American workers out of the region and out of the state.[37]

The evidence of job displacement was strengthened last month by an important General Accounting Office survey of the major studies in the field. The GAO reviewed 46 studies of possible displacement and twelve studies that attempted to assess displacement directly. The reports conclusions are stated carefully:

> Our major finding here is that illegal alien workers appear to displace native or legal workers.[38]
>
> The research . . . is inconclusive but consistent with the possibility that displacement occurs. . . . Taken together, the three [best] studies suggest that
> -- immigration rates could affect unemployment rates and
> -- some employers prefer and recruit illegal workers.[39]

As part of its study, the GAO reviewed the data in Julian Simon's and Stephen Moore s unpublished 1984 study of immigration and unemployment. Simon and Moore had concluded that there was no demonstrable connection between immigration rates and unemployment rates in American cities with large numbers of immigrants. The GAO analysts graphed the figures over time and found that, on the contrary,

> For 12 of the 16 years, higher immigration rates in a city were related to increases in local unemployment rates. . . . When unemployment rates were high (from 5 to 9 percent), immigration was associated with increases in unemployment.[40]

In conclusion, I want to mention three disturbing economic implications of the current large-scale immigration to the United States.

First, one implication became obvious when the March unemployment rate was announced on April 11th. That rate was 7.1 percent, only 0.1 percent less than in February, and that fall was much less than most economists had expected. Economist Sam Nakagama, of the firm of Nakagama & Wallace, Inc., had an explanation for why joblessness did not go down faster. In January, illegal immigrants began to be included in the calculations for unemployment. "With falling oil prices devastating the Mexican economy," Nakagama said, "Mexican workers have been pouring into this country." As a result, "The jobless rate will rise to 7.5 percent or more this spring and possibly stay there."[61] Including illegal aliens in the unemployment rate will have an effect, therefore, on the nation's most important economic indicator. But it also has a symbolic impact: it dramatically demonstrates how, by tolerating illegal immigration, this country has made Mexico's unemployment our own.

A second implication is that illegal immigrants, who are less educated and less skilled than American workers, will become increasingly ill-matched with the needs of this country's technological economy. As the National Alliance of Business pointed out in its projection of job needs in the year 2000:

> During the late 1970's and early 1980's, 20 million new jobs were created; only 5 percent were in the service and information industries. By the end of the century, an estimated 5 to 15 million manufacturing jobs will be restructured. An equal number of service jobs will probably become obsolete. While the U.S. Bureau of Labor Statistics estimates 16 million new jobs will replace lost jobs between 1984 and 1995, nine out of ten of these new jobs will be in the service sector. Figures projected for the rest of the century for the entire economy point to disruptions in the labor market many times more severe than previously.[62]

There is a third disturbing implication for the future.

Historically, new immigrants have equalled the economic performance of native-born Americans within several years of their entry into this country. But the single largest nationality group among current immigrants, Mexican-origin immigrants, have had a disappointing record of economic advancement. Researchers at the National Opinion Research Center have written:

> Perhaps the most puzzling and disturbing research finding about Mexican immigrants has been their relative lack of success in the U.S. labor market. They are not the first group to have entered the country with relatively few educated members; previous racially identifiable groups, including the Chinese and Japanese, also started with mostly low-paid, low-skill employment. But the Mexicans are the only recent large immigrant group to have such low levels of education, occupation, and income, not just in the first generation in the U.S., but even in the second and third generations.[43]

The NORC researchers, Cafferty, Chiswick, Greeley, and Sullivan, find that no explanation of this poor record of economic advancement is satisfactory -- and therefore they can make no policy recommendation to remedy it.

Footnotes

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3. Thomas Muller and Thomas J. Espenshade, *et al*. *The Fourth Wave: California's Newest Immigrants*. Washington, D.C.: The Urban Institute Press, 1985, p. 84.

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5. Leslie Maitland Werner, "13 % of U.S. Adults Are Illiterate in English, a Federal Study Finds," *New York Times*, April 21, 1985, p. A-1.

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12. Glenn F. Bunting, "S.D. Crime Jumps 5.5%; 1st Increase Since 1979," *Los Angeles Times*, January 31, 1986, Part II, p. 4.

13. General Accounting Office. "Criminal Aliens: INS Investigative Efforts in the New York City Area." Washington, D.C.: U.S.G.A.O., March 1986, p. 2.

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19. Sidney Weintraub and Gilberto Cardenas, *et al*. "The Use of Public Services by Undocumented Aliens in Texas: A Study of State Costs and Revenues." Austin: The University of Texas at Austin, The Undocumented Workers Policy Research Project, 1984, p. xxx.

20. McCarthy and Valdez, p. 23.

21. *Ibid*., p. 24.

22. Muller and Espenshade, Chapter 5.

23. Lamm and Imhoff, p. 121.

24. James W. Lamare. "The Political Integration of Mexican American Children: A Generational Analysis," *International Migration Review*, Vol. 16, No. 1, Spring 1982, p. 173.

25. Gerda Bikales and Gary Imhoff. "A Kind of Discordant Harmony: Issues in Assimilation." Washington, D.C.: U.S. English, July 1985.

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27. *Ibid*, pp. 620-621.

28. Robert R. Brischetto and Rodolfo O. de la Garza. "The Mexican American Electorate: Political Participation and Ideology." Austin, Texas: The Southwest Voter Registration Project and the Hispanic Population Studies Program of the Center for Mexican American Studies, 1983, p. 31.

29. *Miami Herald*, December 18, 1983, Special Supplement, "The Cubans, A People Changed."

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32. *Ibid*., p. 10.

33. Lamm and Imhoff, p. 142.

34. McCarthy and Valdez, p. 24.

35. *Ibid*., p. 20.

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37. Muller and Espenshade, Chapter 4.

38. General Accounting Office. "Illegal Aliens: Limited Research Suggests Illegal Aliens May Displace Native Workers." Washington, D.C.: U.S.G.A.O., April 1986, p. 1.

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Representative **Scheuer**. Well, Governor Lamm, you have given us all a great deal to chew on and it's a matter of deep regret to me that every member of this committee couldn't have heard your testimony. I hope through the marvelous magic of telecommunications, printed and visual, that the word will get out to the American public and that they, through their elected representatives, will respond.

I have a few questions that I'd like to ask you.

You talked about the 50 percent of the Hispanic students who never graduate from high school and the lesser degree of assimilation.

Let me be the devil's advocate. What we're pointing to here is a two-tiered society. We already have a two-tiered society. In our country, somewhere between 20 percent and a third of our adults are illiterate. That means all they can do is the scut work. We're not the only country in the world that has brought in guestworkers hoping to solve a temporary labor shortage and found that we had created what we call in my district a "Finklestein."

The English have had a terrible problem with their Pakistanis and with their Caribbean immigrants. The French have had terrible problems with the Algerian guestworkers. The Germans have had terrible problems with the Turks. They have found that the Turks speak Turkish at home and therefore the Turkish kids never learn to speak German, and they are destined to failure the moment they hit the schoolhouse doors.

And so the list goes on and on and what you're talking about here is sort of a repetition of that.

We in our country traditionally have absorbed immigrants. In the last century we absorbed millions of immigrants from Europe and I suppose a lot of them were illiterate without language skills and without jobs skills, but somehow we absorbed them in the mines, building railroads, in the steelmills, and so forth.

What is different about it now? Why can't we absorb them now and hope that either they or their sons or their grandchildren will be making it? What makes that process of immigrants who don't have literacy skills or language skills or job skills more of a problem than it was 100 years ago or 50 years ago? Why should we be more concerned about it now than we were then?

Governor **Lamm**. It's not only the United States that's starting to have a growing concern. It isn't only you. It is, of course, other countries. The thing that bothers me in this country is you and just a handful of other people even ask these questions.

Canada has recently set up a new body that is going to look in great detail at the success of its immigrants. And you can't blindly hope. I think part of it is we just have been so blinded by the Statue of Liberty—it has been such an overpowering symbol, that we simply adopt a lot of this stuff on blind faith.

As you point out, we have to recognize that blind faith is not enough. We also have to know.

Now I think that you get different answers for different cultures. In terms of Spanish-speaking people, as we said before, the ease with which they can maintain contact with their old culture is one of the answers. I think that with the Mung people that we brought in, the Indochinese, there is a different answer. I don't know what that one is, but it simply was a stone age culture that in fact took an awful lot more to indoctrinate them into the American dream.

I think that the Turks in Germany share somewhat the same problem that we have in the Southwest where the critical mass of immigrants is so large that they don't have to assimilate. They can continue to speak Turkish.

In other words, there's certainly not one factor that is preventing this assimilation, but you really are getting four or five different factors at work.

Representative **Scheuer**. Is part of its perhaps that in the last century and perhaps up to World War II, if you had a strong back and willing heart, you could find a place for yourself in this country and gradually work up. But now, with an automated, cybernated, computerized economy, there are simply far fewer no-skill or very-low-skill jobs. Machines have taken over that, and if you don't have a fairly respectable level of literacy and numeracy and language and job skills, then society really doesn't need you and, frankly, it doesn't want you.

Could that be part of it?

Governor **Lamm**. Mr. Chairman, the most terrifying, scary, horrible book that I have read in the last 2 years has been by a woman by the name of Gale Garfield Schwartz, who wrote a book with the innocuous title "The Work Revolution," which I will put in the mail to you the day after tomorrow.

Representative **Scheuer**. I wish you would.

Governor **Lamm**. I say it's a horrible book—it's horrible only in its message. She really—and it doesn't mean that she's right—but she points out that the scarcest resource of the future is going to be a job and she points out that the world needs creativity, ingenuity, scientists, and technologists but we don't need strong backs any more. It used to be we had an empty frontier. When the Statue of Liberty was built we had what—56 million people, and we had a frontier and we had an agricultural economy. Now we have a cash wage economy. We have 230 million people. The physical frontier anyway is over and we don't need simply strong backs and strong arms.

Representative **Scheuer**. Let me ask you a question of where you're leading now, the whole question of job displacement.

We've had testimony here over the past week in our first two hearings about whether illegal immigrants displaced low-skilled Americans in the job market, whether illegal immigrants created a substratum in the job market, and were really effectively displacing our low-income workers, particularly our minority workers, our own Hispanics, our own blacks.

What has been your experience as Governor of Colorado, your hands-on experience, as a public policymaker? Do you think that illegal immigrants are taking jobs that would otherwise be filled by Americans at the low end of our wage structure?

Governor **Lamm**. I think without question that they are. I believe that illegal immigrants are coming into Colorado and the Southwest in large numbers, that they are in fact an abused form of labor. It's growing. It's interesting to see of a lot of our employers. Why should they hire an American worker when they can hire an illegal immigrant who they don't have to pay health benefits to, who they don't have to pay workmen's compensation. They pay them in cash and they don't have to provide any of the benefits to them.

I think that an illegal immigrant is a new form of abused labor that you can in fact——

Representative SCHEUER. Would you say that some employers choose to hire illegal immigrants over Americans because they're afraid, because they're easily exploitable, manipulatable, because they won't complain to official government bodies that are there to protect workers?

Governor LAMM. You bet. But let me give you a dynamic. Let's say that you abolutely feel very strongly about hiring American workers and I don't and so I in fact pay my people about half of what you pay. Now no matter how idealistic and honorable you are, at a certain point I'm going to drive you out of business.

Representative SCHEUER. Yes. Can you think of any businesses that couldn't survive without these substandard workers in terms of their wages and their working conditions? For example, are there any industries in Colorado that depend on illegals that would go out of business if they had to pay the minimum wage and hire American labor in Colorado, legal immigrants and American-born labor?

Governor LAMM. Mr. Chairman, I would hope that you would ask that question of the panel that follows me. I know those people and, frankly, they are much more experienced and they have a broader background in this.

I can only answer for Colorado. I can't answer for Los Angeles. I don't know what's happening in that garment industry that they're developing there.

Representative SCHEUER. I understand.

Governor LAMM. But in Colorado, the effect of illegal immigration has been to drive wage scales down, that existing jobs in the packing industry let's say or the roofing industry—we caught 100 illegal aliens doing a roofing job. It isn't that these jobs were new jobs. They were in fact displacing American workers because of the dynamics we just talked about.

I can think of no industry, no factory even, that exists simply because of the illegal immigrant labor.

Representative SCHEUER. Given the fact of the growing per capita income disparity between Mexico and Central America and the fact that that is likely to increase geometrically, if you accept that as a given—and I think I could prove that demographically and if I can't prove it I think Mike Teitelbaum out there can prove it—what is there that we can do to staunch the explosion of illegal immigration across our borders? Assuming increasing pressures to come and increasing pressures to leave, and increasing magnet to come, and there's nothing really that we're going to do much about the push to leave. What can we do to turn off the magnet and what can we do to harden the border and staunch the flow?

Tell me as a public policymaker.

Governor LAMM. Mr. Chairman, I think first of all that we have to recognize that we can't wait until all the rest of the world has developed into a land of milk and honey before we control our borders. There's the argument that we are the escape valve for

Mexico. The numbers that you gave in your initial testimony, that's demographic insanity.

If we have to accept all of Mexico's surplus population, we are dooming our children to lesser jobs, lesser wages. I think we have to decide how many additional immigrants can be productively employed in the United States.

So let me go through it. I think the single most important thing is employer sanctions. There is no immigration reform without employer sanctions. I very much admire Senator Simpson and Congressman Mazzoli for pushing for this idea. There's going to be a heavy burden of history on the people that are in this House that are preventing that from passing.

I think there should also be some caps on legal immigration. I would really suggest your staff summarize what Canada has done. Canada is a big-hearted country like we are, a generous, nondiscriminatory country. But they in fact have come to the conclusion that you have to look more at the potential success of an immigrant you take into your society. I don't believe—never did believe—that you can say give me all your tired, your homeless, your yearning to breathe free. You have a great stake in whether the immigrants you bring in are succeeding.

I think we should control our borders. I think you could do that simply by some additional resources to the Immigration Service help on that.

I believe very much in the SAVE Program that Commissioner Nelson has done, and I'm trying to promote it among other Governors.

I have brought here for you some of the evidence that we have of the abuse. These blue cards are from Denver General Hospital—taken from illegal immigrants—these are the health cards for them for just a short period of time. There are massive amounts of illegal immigrants tying into our social programs. I have here a whole bunch of other confiscated drivers licenses and everything for people with drunk driving criminal records. I'm not saying that they are all. But the fact is, we have already undertaken a significant social burden.

Because of Gramm-Rudman, Mr. Chairman, I am engaging in public policy triage. I am closing well-baby clinics. I am closing rural health clinics right now. I do not have enough social service money for our own people, let alone for a medical clinic for Mexico. It's crazy.

Last, I think we have to close some of those loopholes within the law which in fact encourage fraud—marriage fraud, the idea of changing your status when you come into the country on a visitor's visa——

Representative **Scheuer**. Overstaying?

Governor **Lamm**. Overstaying. But most important and overshadowing everything else is that question of employer sanctions. You've just got to do that.

Representative **Scheuer**. Well, we have kept you for over an hour, Governor, and I'd like to keep you for another hour, but you have a schedule and we have a schedule. I want to thank you for your absolutely wonderful testimony. It was stimulating. It was brilliant and we're very grateful. We will go off the record for a moment.

[Discussion off the record.]

Representative SCHEUER. We are very grateful to you, Governor. Thank you very, very much.

Would the next two witnesses come up to the witness table: Prof. Otis Graham, Center for Advanced Studies, Stanford University; and Michael Teitelbaum, program officer of the Sloan Foundation.

We are delighted to have you both. Gentlemen, your prepared statements will be printed in full in the record. Why don't you each take 10 or 12 minutes as you wish and perhaps present your testimony informally to us, referring to anything that you've heard this morning from Governor Lamm, and then I'm sure we will have some questions for you after that. Mr. Graham.

STATEMENT OF OTIS L. GRAHAM, JR., PROFESSOR, CENTER FOR ADVANCED STUDIES, STANFORD UNIVERSITY

Mr. GRAHAM. Thank you, Congressman. I appreciate being invited but I don't appreciate being asked to speak after Governor Lamm and before Michael Teitelbaum. That's like a sandwich.

Representative SCHEUER. Well, going off the record.

[Discussion off the record.]

Representative SCHEUER. Going back on the record.

Mr. GRAHAM. Thank you. May I add to your introduction that I am also the chairman of the policy board of the Center for Immigration Studies, through my remarks today express my views and not those of any institution.

And I'll just summarize some points that I make here in my prepared statement.

Immigration can change a society in fundamental ways and more rapidly than we suspect. I think the Israelis know that. I think the Arab Palestinians know this. The American Indian knows this and Americans know this when they visit Miami. If those changes aren't beneficial, a sane society modifies the forces making those changes.

Immigration should meet two tests, the test that medical doctors start with; first, do no harm; second, it should promote the national interest. That sounded like a truism, I'm sure. It is a truism, and yet those aren't the operating principles of American immigration law. They were at one time.

Recently, within your lifetime and mine, we essentially shifted from a set of immigration policies which tried to promote the national interest in a number of ways to a different standard of selection.

One could say we changed in 1940 when the Immigration and Naturalization Service was moved out of the Department of Labor, a location which was symbolic of the attachment of immigration law to the economic needs and the labor force needs of the American economy, and was shifted into the Department of Justice.

You could say certainly that the change was made in 1965 when we shifted the fundamental law toward family reunification massively. You know the figures now and the proportions. Family reunification now accounts for upward of 90 percent of the decisions to bcome a citizen of this country on the legal side and, on the illegal side, 100 percent of those decisions are made privately.

These are changes in the law that wouldn't have made much difference if immigration weren't so important, but it has become in recent years a factor making a huge impact. You know the figures. Over 1 million persons arriving a year, half of our population growth contributed by immigration, and 80 percent of it now from Latin America and Asia which are different source countries for our immigration going back 200 years, of course, and some 93 nations now represented.

In my prepared statement, I summarize very briefly my views of what the evidence is on the economic questions that we first started to ask as a policy community and an academic community about the impacts of immigration—is it serving the national interest?

We approached the economic question because it was in some sense more tangible and not as difficult emotionally and the evidence is better on the economic impacts than on the so-called noneconomic impacts which I'm going to turn to.

In my own view, the chapter in the CEA's 1986 report is a lamentable chapter, a standing embarrassment to the economics profession, if that's what it represents, and I have tried to put my reasoning on that matter in terms of the job displacement which the GAO report of April generally confirmed. We know—even those who do studies know, let alone those who walk in the streets and live in this society know that there is some cost paid by American workers directly and indirectly. Importantly, immigration tends now to prevent structural change which is an important requirement of a modern economy. There are fiscal impacts. There's resource depletion which, of course, many economists seem to leave entirely out of the equation.

Well, those are economic questions and the burden of my prepared statement and your interest I think go importantly in another direction.

As Ronald Muller and his associates in the Urban Institute report did correctly say at the end of their analysis of economic questions, these are important but they really are becoming subsidiary in the public mind. The American people may not know very much in a detailed way about the precise impacts of immigration, legal and illegal, on macroeconomic questions and the macroeconomic direction of the American economy. It's hard to know a lot about that. They certainly know a lot about life in their communities and they are beginning to speak. Your willingness to listen is very commendable.

Politics in California, a State I know better than others, is beginning to reflect the grievances, the concerns, some of them emotional, some of them not fully thought through, of people who recognize that the noneconomic impacts of immigration should be given attention. Governor Lamm spoke of some of them.

The policy community has begun to respond.

Representative **Scheuer**. Are you going to dilate a little more on that subject of the noneconomic implications of immigration?

Mr. **Graham**. Yes.

Representative **Scheuer**. If you don't, I can ask you about it in the question period.

Mr. **Graham**. I think I will address that. If after I have, there's something that I should clear up, I will.

Representative **Scheuer**. I particularly want to know from you and from Mr. Teitelbaum how do we even start thinking about the noneconomic implications? How do we, as people who are decent and as people who are seeped in a liberal egalitarian tradition, our Judeo-Christian background, how do we cope with the change of migration from one that was almost predominantly European—I remember there was a lot of upset in this country when it changed from northern European to southern European. Now it's changed from European to Asian and Hispanic.

How do we deal with that? How do we deal with the fact that the four largest States in the Union as of 1992, as a New York Congressman I feel this very deeply because we're going to lose three or four congressional seats because of this—New York is going from No. 1 a decade or so ago to No. 4—California, Texas, Florida, and New York. Those will be the ranking of the four major States in 1992.

Not one of them will have a white majority shortly after the year 2000. We aren't racists. We aren't nativists. We believe in the democratic ideals, the equality of all mankind under one God and so forth.

How do we deal with that? What are our value judgments? What is the criterion by which we judge this shift in immigration from northern Europe to southern Europe a half a century ago and now to Asia and Latin America?

These are the noneconomic components, especially of illegal immigration, that are agonizingly difficult and emotionally charged. What kind of components can you give us?

Mr. **Graham**. I think it's an important question and I have some thoughts on it which I hope will take me at least a few inches forward.

I was living in the State of California in the 1970's when the then Lt. Gov. Mervyn Dymally, now Congressman, used to go around and make comments about how in 1986—I don't know where he got 1986 but that was the figure—California would become the first, he called it, third world State. I think Lieutenant Governor Dymally was trying to start a discussion but it could't get started. People were not ready to talk about it, and he was only raising the political implications and he didn't dilate upon them very much. I think he meant that California is going to be a better State for the political future for black people and of brown people and I hope that's true, but it's interesting that in the policy community and the media no one wanted to touch the question.

Well, some academics of a rather admirable and pioneering sort have now started to step out on the terrain. There was a pioneering study by Leon Bouvier in 1981 on the implications of immigration for population size. That's just a start. That doesn't get to some of the questions you're opening, but certainly it indicated that by race and by ethnicity patterns are going to dramatically change. California will become not the first State—Hawaii is the first nonwhite majority State—but the first mainland State with a nonwhite majority, and in many ways California is a harbinger. That has implications that go beyond the political, but Bouvier indicated that as far as the population size is concerned, a nation that would otherwise stabilize at around 265 million people will, with current estimated rates of immigration, reach 409 million in 100 years and still be growing. It will be a very different country. Forget about the color of the people and the rest of it, the impact on population size alone is very great.

Now Bouvier followed up with Philip Martin in a publication in 1985, "Population Change in California's Future." It's another pioneering study. I wish it were four or five times as long, but they began to try to sketch some of the implications for education and for politics.

Now part of my answer to your question as to how do we begin to talk about this is, we begin to listen. We have a tradition in this country of being ashamed of the voices of the people on questions of this kind who occasionally, much too frequently, speak emotionally and bigotry finds its way into public discourse on this question. Certainly that's true in our history. We are afraid of our emotions in this area and we are afraid of the American people in this area, and perhaps with some partial reason, but it's important I think to begin to listen to what people are saying at the grassroots. Of course, Congressmen know how to do that better than professors.

As I live in California, I find laced through California politics increasingly these days are verbal, explicit statements of what is really bothering people about immigration trends. There are multiple pathologies that people are attesting to in their own lives and if you listen to the pattern you see a mosaic of concerns. It's a mixture of things and various people put it in different ways.

There is a concern about a border open not only to illegals but to drugs, terrorism, and whatever might want to come across the border in the way of criminality or public health problems. And then in communities there are questions about schools, the language question is now injected into California politics, the larger assimilation question being an overarching concern above all of these. I am on the board of a national organization interested in the immigration question. I read our mail. It is written sometimes on tablets in pencil, written crudely sometimes, misspelled. But it is the American people or a piece of it speaking from the heart. They don't always speak dispassionately, but they are trying to communicate. And I think this overarching concern is with national cohension and the cultural identity of the country, as the Governor and yourself have both spoken.

Now we have a history in this country which we interpret. Let me approach this by stating that I am a southerner. The South was for much of the industrial era the third world of the United States of America. It was the place where you have large families, rural people, underdevelopment. You had in that region high fertility rates, poor nourishment. You had poor educational systems. And its citizens emigrate. I did. Migration is a strong tradition among southerners, white and black, and it raised the question about whether the society could assimilate us. Sometimes the Nation didn't like us, it didn't like the way we talked, especially if your face was black. But even as a white southerner I found when I went to New Haven, CT, and around the country there was a certain amount of resistance, wondering if we could ever fit in. Well, the society assimilated us, most of us, pretty well.

Now that history is one which is replicated on a vaster scale by American Jews who faced severe discrimination, and by many others.

We interpret our national history in these matters as meaning that whenever questions of assimilation are raised, they are falsely raised. They betray a lack of confidence in the society which has superbly assimilated immigrants on the whole. We've still got a long way to go with some groups, especially Afro-Americans. But on the whole, the record does not justify the occasional hysteria and certainly the strain of alarm which runs back through our history all the way. That is one kind of history lesson.

It is not the history lesson I would like to bring, not my own interpretation of what our history in the fullest sense offers as a guide to the circumstances we now face.

In my testimony I tried to suggest three reinterpretations of our own history in order to steady us and to guide us in a contemporary setting. Very briefly, if you went back to school now and read the best American history you would be reading authors whose work was not available 25 years ago—Joel Silby, Paul Kleppner, Robert Kelley, and others—and they tell a different history now.

It's a history of an America whose ethnocultural conflicts have always been at a reasonably high level. People have always had these concerns about immigrants, both internal and external, newcomers and their ways. To some extent it has been nativism and misunderstanding and bigotry, but to a very great extent these have always been legitimate concerns of people who live in a country which places staggering ethnocultural strains upon its citizens, giving rise to important differences over law, public education, industrial relations, and much more.

As American historians we teach and write a history in which these questions have a deep legitimacy, which is not to say that one approves of every expression of them. They are a mixture of the unjustified and the fully justified. That's the first general statement.

Second, the success that we've achieved—and we have achieved considerable success at assimilating 20 to 30 million people who came in about three decades before World War I, as well as internal migration from the South, white and black came in a very different world, and I would make two points about that world which I've tried to elaborate in my prepared statement.

In the first place, we gave ourselves a breathing space. On this Hill, not in this building I suppose, but in an adjacent building, in 1921, we decided to sharply curtail the flow. That brought a breathing space lasting through the Great Depression and the war. In that breathing space we were able, with an economy that was very different, to perform that task of assimilation which we know as something which we can do any time in the 1980's and in the 1990's without the breathing space and without that economy.

My point on the economy is that the cutting edge of the emerging economy, the economy that was going to vault this country to unchallenged, sustained decades of economic preeminence, was an industrial economy based in industrial cities. Entry level jobs were abundant.

Those industrial cities of the late 19th century and the early 20th century were an engine for assimilation and for upward mobility. We're in a very different economy now. I will say nothing more about that because I believe you and the Governor have addressed the matter that our labor force needs are now very different, and that should be seen as fundamental.

Now, more insistently than at any time in my recollection, we hear that the assimilation process my be faltering this time because conditions have changed. This time apparently the Congress of the United States—I hesitate to say, sir, but correctly speaking the House of Representatives—apparently refuses so far to give us the sort of breathing room from unchecked access to Third World manpower that is a fundamental economic and policy requirement for the assimilation that we want.

I then have something to say about the assimilation process itself and I will severely compress what I had to say. The assimilation process is a chemistry that is arranged by institutions. An open economy is an assimilation machinery. Public schools are fundamental institutions for that purpose. The political process, the media, voluntary associations of a bridging character rather than a narrow and ethnocentric character, intermarriage, and also universal military service.

If you had time and I had time and we looked at those institutions, we would find them all faltering in differing degrees, or at least we would find evidence of that. We would also find evidence, which I won't go into, of a very subtle shift in the attitudes of the whole society toward the legitimacy of our received culture.

I just came from the bay area where at Stanford University the western civilization history component of the curriculum is under severe attack for some reasonably good reasons and some reasons I don't care for. I cite that only to indicate that history as a part of the American educational curriculum has been declining for 20 years in its importance in local school districts, one small piece of evidence that as a society we are losing our sense of how firmly we should insist that a received cultural tradition be transmitted to our children.

On the other side, there are the attitudes among entering immigrants, and the Governor tried to generalize some about the Hispanic attitudes and I will add nothing to that, though I've tried to address it in my prepared statement.

Let me conclude. All of those questions about the assimilative process and its vigor are important questions, and when the answers begin to be glimpsed they are not reassuring.

Finally, I recently had the privilege of being with a group of thoughtful people, academics, professional people, public officials to sit down and privately to talk about the impact of immigration on the future of the country and especially the State of California, where the academic literature is getting better than it is for any other State or any other region in the country. And out of that discussion there emerged a very interesting pair of scenarios which I'd like to share with you as my final contribution.

In today's America, if you try to assess which direction it's going it gives you multiple signals. Mr. Reagan's "It's morning in America" is one formulation. It is available to uncompromising optimists, but one knows that he's left out a lot in that view from the white affluent apex of things.

He has left out the urban underclass, teenagers having or begetting and abandoning children. He's left out the dependencies on chemical substances or welfare, the ghettos that do not yield to the strategies of Democrats or Republicans as we wish they would.

Uncontrolled immigration makes its own contribution to these strains upon our social order and fabric.

In a recent meeting in San Diego, as I said—by the way, this meeting included the late Theodore White—a vivid pair of scenarios emerged from our discussion of the way we see the future played out in California.

California in the year 2000 or 2020, a society of 40 to 50 million people and apart from some crowding in Yosemite, was envisioned as a happy checkerboard of ethnic enclaves offering the best of the world's cuisine, a composite of the Pacific basin, where thousands of rural peasants moved northward across the Mexican border each day to take up the menial chores which were shunned by the successive preceding groups. That scenario was the optimistic one. Faith in that scenario required a suspension of belief for everyone there. Really, after we stated it, nobody believed in it, but it is at least one possibility.

The scenario which seemed attractive—that is, plausible—to the rest of us was a very different scenario. It was built in part upon Phil Martin's insightful summation which runs as follows:

> If the immigration status quo persists, the United States will develop a more unequal society with troublesome separations * * * the California work force will be mostly immigrants or their descendants by the year 2010. These working immigrants, mostly nonwhite, will be supporting mostly white pensioners with their payroll contributions. Is American society resilient enough to handle the resulting tensions?

That's from Philip Martin in a little contribution published just this year.

And other elaborations on that theme came forward at this meeting. It would be a two-tiered society, the one young, overwhelmingly Hispanic and black and low income, the other largely older whites and Asians, affluent, with a woefully small intermixing of these categories. It is a segmented society, a nation within a nation, the rich who work in high-technology enterprise or who are retired in Palm Springs moving uneasily among a mass population with low-educational attainments and income levels; those who own businesses communicate to the work force through foremen who translate from English into foreign languages.

Now if we are to evade this second scenario in California and the Southwest, in New York, in Detroit, in the rest of the country in their own turn, it will not be because immigration ceased of its own accord to drive us in this direction. We must make an intervention. I like to remind myself in ending that that scenario in California may sound good to the people who live, retired, the white affluent or Asian affluent in Palm Springs. The chief victims in that scenario, the bearers of the social cost of a continuation of the immigration status quo are pretty clear. They are clear in the academic literature and they are clear to people with common sense. They will not be in the short run the affluent who are secure in their minor enjoyments of the fruits of continued illegal immigration. That is to say, it reduces the cost of motel rooms and of tomatoes and of restaurant meals.

The summary I like to end with is the summary of Richard Rodriguez in the Los Angeles Times just 4 days ago: "The poor have the most to lose from uncontrolled immigration," and the evidence we have is that this is the American poor at the bottom of our society.

[The prepared statement of Mr. Graham, together with additional material, follows:]

PREPARED STATEMENT OF OTIS L. GRAHAM, JR.

The test of a nation's immigration policy is, does it serve the national interest? That statement sounds like a truism, but in the U. S. it is not the principle upon which we operate. Approximately 90% of the decisions about who will be allowed to immigrate, on the legal side, and 100% on the illegal side, has been turned over to individuals and families. Immigration serves their interests, as they see them. We do not ask, in the normal course of events, and at the levels of government or national discussion, whether this adds up to a policy which is in the national interest. We assume it, or ignore the question.

But these are not normal times. Immigration levels in absolute terms match or exceed the great volume of immigration which came across our shores in the half century prior to World War 1. With immigration now contributing half the nation's population growth, more than half of that immigration illegal, the policy and academic communities have begun to ask if immigration as currently experienced and immigration policy as now feebly enforced serve the national interest. They began this questioning with something tangible in which the nation has an obvious interest, a healthy economy.

The economic impact of immigration is a very complex matter, much studied but elusive, since half or more of immigration is illegal and resists accurate assessment. The answer to this question is, however, reasonably clear in broad outline. Immigration, as the U.S. experiences it in the contemporary setting, is on balance injurious to the economic well-being of the nation.

This reality has eluded some, who for reasons either of ideology, a trained incapacity to see things in wholes, or out of identification with those few groups or sectors which derive short-term benefits, have reported that current immigration has beneficial impacts for society at large. The theoretical basis for such a conclusion seems to be the notion that more (and therefore, cheaper) labor of any kind is a benefit without costs, or at least exceeding any costs. This astonishingly narrow view of how an economy works has received official endorsement in the most recent report of the President's Council of Economic Advisors. Much is made of some empirical evidence that large scale immigration into the state of California in the late 1970s and 1980s has coincided with expanded employment and small business formation, two signs of economic vigor.

But there is too much on the other side for this optimistic view to withstand scrutiny, either as a valid conclusion for California or the larger society. One cost of this process is significant job displacement among resident and potential resident citizens, as a recent GAO report concluded from a review of 51 relevant studies (GAO, 1986). This displacement, often operating across entire industries by a process of "network recruitment," in economist Phillip Martin's phrase, enlarges the pool of what is now more than 7 million unemployed Americans who draw upon public assistance without finding a productive economic role (Martin, 1986). The demographic and educational characteristics of immigrants vary enormously, but the largest segment of the illegal population is composed of young, low-skilled Mexicans and Central Americans, a labor supply which is good economic news for some employers but whose broader labor force impact is to retard the structural evolution of the U. S. economy toward higher technologies and a higher value-added labor contribution. Even in California, a ~~certain~~ expansion of certain jobs under the impact of immigration could at least ~~only~~ be called a form of economic growth. It would be hard to call it economic progress, and it seems on the whole to impede economic innovation. ✓

Beyond these issues, immigrants enlarge the U.S. population, doubling the domestic population growth rate, thus adding to the current and future numbers of residents of a nation with ~~which leads~~ the most environmentally damaging and resource-depleting lifestyle~~s~~ in human history. Economic well-being is not in the long run compatible with endless population expansion. As against such costs, the economic gains from infusions of entrepreneurial energies, or financial and education capital brought in from abroad are only minor offsets, and do not make immigration's net impact positive.

Not all reasonable people reach exactly these conclusions, and the economic impact of immigration will and should continue to be a matter of study and discussion. But immigration is much more than an economic force. It changes the host society in multiple ways--not just its demography, but the racial and ethnic composition of the population, indeed its culture in the broadest sense. Since the 1965 immigration act, legal as well as illegal immigration flows overwhelmingly from non-European and from the lesser-developed or 3rd and 4th worlds. We can readily project U.S. immigration to continue in these channels, and with increasing volume and momentum, for at least the three generations which demographic science allows us to peer ahead. The U.S. will surely be transformed in important respects. But what changes are we to expect, and are they good for the nation--a standard to which immigration should be held?

The policy and academic communities do not have the habit of asking such questions, especially when the issues go beyond labor-market impacts. Indeed, there exists among the intellectual and political elites in this country a conviction that one should not ask such questions. This curious faith that the future will take care of itself, that the nation should not ask if forces transforming it into something else are what is desired by a self-governing polity, is of course a legacy of our own history (and has not always been so strong as in the past decade or two). Social engineering is surely an impulse which can run to excess, but our excess in contemporary America is a sort of mindless optimism joined to an ideology which resists any public management of the national future.

Fortunately, outside the policy community at the national level, and outside of intellectual circles, average citizens continue in ever-growing numbers to do what they have always done, speak out bluntly about things that do not seem to them to be going well in their communities, which they often see as the nation itself. Average citizens may not be knowledgeable about the macroeconomic impacts of immigration on that abstraction, the U. S. economy (though they know a good bit about the local fiscal impacts of immigrants upon public services, and especially the schools). But they do have first-hand knowledge of what might be called the broader socio-cultural impacts of immigrants from abroad (or from other parts of the U.S.) who settle in their neighborhoods. I am a board member of a national organization working on the immigration issue (the Federation for American Immigration Reform), and I read our mail from some of these citizens. It conveys many grassroots complaints about the impacts of immigration. The issues raised by these citizens, not always in unemotional terms, do not often get responsible attention. I take these hearings to be a welcome deviation from that tradition. It is often said that Congressmen have (at best) a two year horizon for policymaking, and a mid-term Senator perhaps adds one year to that. This is said to be a fatal defect in our governance, for it consigns middle and long-term issues to other institutions. This hearing is welcome evidence otherwise. Members of the Joint Economic Committee and their staffs have perceived that forces are at work, through immigration, whose impact on the nation is and will continue to be substantial, though they work so slowly as to be almost imperceptible in one Congressional term and do not affect two-thirds of the country so immediately as the other one-third. These impacts deserve scrutiny and debate. Your hearings come hard on the heels of several pathbreaking academic studies of the long-term impacts of immigration upon American society in general and California in particular--studies by Leon Bouvier (1981), Bouvier and Phillip Martin (1985), Martin (1986), Thomas Muller and associates (1984), and others of less quality. This committee is to be commended for expanding the inquiry.

* * *

It was Bouvier who, in 1981, looked ahead to tell us that immigration alone, if it continued for another century to add 1 million people a year to the U. S. population (a number which is certainly below current totals, which are in any event increasing), would prevent the population stabilization which would otherwise occur at approximately 260 million (assuming a TFR of 2.0). It would force population growth by 2080 to 409 million, with considerable momentum to continue climbing (Bouvier, 1981). Then Bouvier and Martin, in a pioneering work, were the first scholars (known to me) to take up the issue which as a resident of California I heard then Lt. Governor Mervy Dymally raise so frequently in the 1970s, the inevitable transformation of California into "America's first Third World State." Dymally clearly thought this was a good thing, though he was apparently only interested in its political ramifications. In any event, he could not at that time get any discussion going. Bouvier and Martin now calculate~~d~~ that "minorities" ~~would~~ will be a majority in California by 2010, and as their assumptions about immigration totals were extremely conservative, probably underestimating immigration flows by a factor of two, the future they sketch is nearer than their estimate (Bouvier and Martin, 1985, 1986).

In brief concluding passages, they went beyond economic impacts to consider the likely implications for educational systems, politics, and social cohesion. They tended to see problems. In Martin's words, from his study of this year: "If the immigration status quo persists, the U. S. will develop into a more unequal society with troublesome separations." (Martin, 1986) In the concluding passages of another recent study of California, the state which is the harbinger of tomorrow in terms of immigration's impacts, Thomas Muller and associates acknowledge that large-scale Hispanic and Asian immigration is "contributing to an increasingly bilingual society in the Southwest," creating substantial problems in the schools and generating much resentment that the national identity may be changing in unwelcomed ways. "Social, political, and cultural issues," the Urban Institute authors judged, are now "uppermost in the minds of many Americans concerned with the consequences of immigration." (Muller et al., 1984).

Thus the research community has discovered what ordinary citizens have long been saying, that immigration is altering the society and that these alterations deserve discussion. One naturally expects them to be a blend, though hardly an equal blend, of that which is welcome and that which is unwelcome by residents; one also expects disagreement about these categories. It is, of course, difficult to generalize about the complex impacts made by 600,000 legal immigrants arriving each year from abroad, along with the unknown number of illegals who come (judging by INS apprehension data ~~at the Chula Vista station, the world's busiest border, in 1985~~) from 93 different countries. Some positive impacts are generally agreed upon: the delights of a more international cuisine, the evidence of entrepreneurial energies. What impacts may be negative, ~~outside~~ apart from the economic? If scholars have had little to say on the matter, citizens have been a source of information we have been reluctant to use. They communicate through letters to immigration reform organizations such as FAIR, notes to Congressmen and local public officials, calls to radio talk shows, letters to newspaper editors, and in public forums. And in time the American people always project their deepest concerns into electoral politics. In recent months, public concern about immigration has surged strongly into political campaigns in Texas, Florida, and especially now in California. Resentment at the impacts of large-scale immigration was the overriding and decisive issue in recent elections in Monterrey Park, the absence of border control has been a major theme in the current race for the Republican nomination for U. S. Senate, and the trend toward bilingualism is responsible for the statewide initiative by U. S. English to make the English language the official language of the state.

Listening to what is said at all levels, one hears an over-arching fear of a society becoming Balkanized, deeply divided along ethno-cultural, and to some extent corresponding class lines. In California, with a substantial Asian population, this perceived division is complex. There are four to five major and several numerically less significant Asian nationalities which are to some degree physically and culturally distinct. But still the decisive ethno-cultural stratification in California, and even more decisively in the rest of the Southwest and in Florida, is the visibility of the large and growing Hispanic community, diverse in many ways but knit together by a common language, cultural inheritance, and the sizeable influence of Mexico as major country of origin.

The fear of social division is to some extent amorphous, and suspect. Such worries have been a major theme in our national history, and can lead perilously close to a desire for coercion toward what is a majoritarian sense of what it is to be "American." It is our impression that, as a nation, we have easily survived all the centrifugal forces of diverse nationality, ethnicity, religion, region, and class--[redacted] apart from one narrow escape from social scism in the mid-19th Century. Of course we are divided, even along the important lines of ethnicity and culture; what difference does it make? One hears a catalogue of worries that the new immigration is making impacts ~~differences~~ that citizens who love this society do not want and should resist. There is an instinct to place the labels "exaggerated" or "unworthy" on concerns from this quarter. But a society which ignores them all is not only unresponsive to its citizens. It may in the light of time be seen as a helpless witness, even accomplice, to the erosion rather than the desirable augmentation of its cultural inheritance, and is perhaps jeopardizing that priceless thing we so take for granted, social cohesion, comity, the ground of a successful pluralism. The role of those privileged with leadership, here, is at least as a first step to listen carefully.

In political life, certain worries are occasionally sensationalized: a border which is porous to entering terrorists, drug traffic and crime, as well as to any alien who can walk. There is little good data, but there is talk, of the public health implications of a large flow of unexamined people carrying diseases long-since controlled in the U.S. There is discussion of the mounting evidence that the host society cannot absorb, or at least is not absorbing, enormous numbers of immigrants on terms of mutual benefit. The schools, whose rate of success with the English-speaking children born to American citizens has lately been seen to falter, face staggering additional difficulties in the effort to educate the non-English speaking children arriving at their doors, especially those from fugitive families without legal permanency. In the complex literature on educational achievement and the links to social mobility (a literature in which I am no expert), the failure of the schools with Hispanic children is a glaring social problem, one of course with roots outside the schools. In a recent report of the National Commission for Employment Policy, HISPANICS AND JOBS, we learn that 40% of Hispanics are reported as having "difficulty in English," most do not finish the twelve-year school sequence, and the drop-out rate among Hispanics of the age when high school should have been completed was 1.5 times that of Blacks and 3 times that of whites. (National Commission for Employment Policy, 1982)

Such evidence exposes to view a social segmentation which joins the stubborn immovability of both class and ethnic disadvantage, and is tragic for both individuals and society. And while the school systems may be "local," the social problems they encounter and are finding so obdurate are national problems. Joined to these concerns which are linked in one way or another to large-scale immigration are others: strains on public facilities for social services and recreation, as well as housing; high levels of inter-group tensions and conflicts, by historic standards. All of this resists, or does not adequately receive, measurement and reasoned assessment. One welcomes the thoughtful treatment by Michael Teitelbaum of another element which may be found in the question of the implications of immigration, in his LATIN MIGRATION NORTH. There, for example, one finds again the remark of Eduardo Morga, then Chairman of the League of United Latin American Citizens, words which convey troubling implications which their author may not have intended: "We are all ready to help Mexico in the U.S. We feel that in the future Mexico can use us as Israel uses American Jews, as Italy uses Italian-Americans, and so on." (Teitelbaum, 1985)

These are some of the pathologies associated with large-scale immigration, and an assimilation process which is seen to falter. That immigrants are different is to be assumed; that we welcome some differences and tolerate others is accepted as the norm. Yet on those matters thought to make America distinctive and precious, of which we have a powerful if poorly defined and always evolving conception, the host society has always cared fervently that newcomers change toward national norms, [redacted] While there have been differences of view on these matters, most would say that America remains herself through successive changes so long as there vigorously survives the commitment to individual freedom--religious, political, and economic--as well as to the rule of law, and a basic commitment to the principles of the Declaration of Independence, the whole resulting in an elemental national loyalty. We do not test for these commitments at the border which separates the U.S. from a world in which many societies are organized around very different and even antithetical beliefs and behavior patterns. We protect and extend what seems to make America distinctive and valuable through the assimilation process, that many-faceted Master Teacher. For long periods we have flatly opposed the workings of the assimilationist principle as applied to some groups, most notably those of African descent, but in modern times we have granted it a more universal authority. We have never agreed exactly upon what it means to be an American, but the discussion itself is a valuable part of our common life. There is broad agreement that it begins with command of the English language, and with an acceptance of political democracy and the rule of law. Its measures are thought to be a full participation in economic and political life, social mobility, the benefits of any desired group distinctiveness which do not become social isolation.

These brief remarks only hint at the complexity of that vital engine of national cohesion, justice, and individual opportunity, the assimilation process. More insistently than at any time in the lifetimes of the most senior of us, we hear that the assimilation process may be faltering under the pressure of immigration upon the institutions which arrange the chemistry of assimilation--an open economy, public schools, the political process, the media, voluntary associations of a bridging character, intermarriage, universal military service.

I have lived for half a century, am a Southerner, Scot[illegible]-Irish, and an historian. These are overlapping credentials, if you will, to allow me to say that I have heard the concerns about assimilation before. Let us reach for some historical perspective, though we may not come out where you think. Americans have heard before, and many of them have believed at earlier times, that immigration was too large in volume, that its economic impacts were importantly negative, and also its cultural and social impacts, and that the assimilation process could not absorb the influx. The Scotch and Protestant Irish had an easier time of it than the Catholic Irish, the Jews, and others, but still we were clanish, allegedly violent, and resented in some places and times. I am also a native of the South, which has long been the Third World of the U.S.--rural, economically backward, poorly educated, its people ill-nourished and, by national standards, in ill health. The South was the region with large families, traditional attitudes toward women and the patriarchal family, slow to question environmental exploitation, tending toward an authoritarian politics with low voter turnout, constrained in our intellectual life, defensive, and proud. The 20th century has been for the South, up until very recent times, one long season of outmigration. We migrated to the Northeast, with a major stream through Oklahoma to California; and we were resented, often enough. It was far, far worse for Southerners who happened to be black. Who, in the first four decades of this century, would have been confident that the economy and society possessed the capacity to absorb the millions of migrating Europeans, black and white Southerners and growing numbers of Mexicans, into a functioning though never a perfect pluralism? You may think that I remind you of this achievement, imperfect and incomplete but nonetheless admirable, in order to cast the immigration worries of today in the light of a repetition of needless anxieties. That may be the history lesson that many draw; I think it in important respects both poor historical interpretation, dubious lessons then misapplied. I would make ~~[illegible]~~ several points in this connection.

One misconception in much current thinking about American history is that ethno-cultural conflicts, whether exacerbated by immigration or not, have been deplorable aberrations, their roots only in a psychological illness called Nativism. But a major achievement of modern American historical writing, associated with the work of Lee Benson, Samuel Hays, Robert Kelley, Paul Kleppner, Joel Silbey and many others, has been to reveal and chart the presence and power of conflicting cultural and ethnic traditions in the American past. The discovery has not been simply a matter of the persistence and shaping power of ethno-cultural difference, but a growing appreciation that immigration, that disturber of the existing ethno-cultural balance, brought real and legitimate, as well as psychological and arguably far less legitimate costs to those who had come before. A classic statement of this evolution in our view of the protests against immigration is the remarkable commentary the distinguished historian John Higham has made upon his own STRANGERS IN THE LAND (Higham, 1954, 1958). Were he to write that book again, said Higham, he would give more weight to the real costs of immigration which were levied in the competition for jobs, housing, public facilities. (Higham, 1984)

Another misreading of our history comes with the assumption that this society's assimilation of the millions who came prior to restriction in 1921 is somehow proof that this performance may be repeated in the decades ahead, as the incoming numbers again reach and exceed a million annually. Such an analogy is flawed in several respects. The 20-30 million immigrants who came to the U.S. from the 1890s to 1921, and their subsequent children, made their way into English language facility, into the economy, and, slowly and with considerable difficulty in cases where ethnic discrimination was pronounced, into social life generally. But they did so in the decades between World War I and mid-century when certain fundamental conditions obtained, facilitating the difficult and always imperfect social absorption of alien peoples. These conditions no longer obtain in the same way, if at all.

The first is perhaps most important. In 1921 this society made the decision, in this very place, to sharply restrict immigration, and to conform the allowable entries to approximate the national origins of the existing society. We have [redacted] reason to believe that the national origin quotas were a policy mistake, but the restriction itself was wise policy. Economic historians point out that income distribution in America improved after, and probably chiefly because of, restriction of the labor supply through immigration reform. Larger capital investments were substituted for labor, driving up productivity and allowing real wages to increase. (Lebergott, 1964; Williamson and Lindert, 1980) Another view of the benefits stemming from immigration restriction has been recently developed by the black sociologist William Julius Wilson, who views the "flow of immigrants" as "the single most important contributor to the varying rates of urban racial and ethnic progress in the 20th century U.S." Wilson, drawing upon the work of Stanley Lieberson and others, argues that the curtailment of Asian immigration allowed Asians in America to move upward, the process repeated itself with the European immigrants after the restriction of 1921, but the mass internal migration of Blacks continued for decades. Heavy migration intensified discriminatory feelings as well as economic competition, impeding the processes of group advancement. In this view, mass immigration does not "drive up the group next in line," but hampers the progress of previous arrivals from the migrating population. Hispanics may expect to experience restricted economic mobility as well as the intra-community pathologies of crime, teen-age pregnancy, and welfare dependency. When society's assimilative mechanisms are given a breathing space through immigration restriction, there are immediate benefits, and these flow disproportionately to the most disadvantaged Americans. (Wilson, 1985; Lieberson, 1980)

Judging by the record of immigration reform in the past decade, this society expects the assimilation process to work in the decades ahead, but without the crucial curbs on entering numbers which facilitated the process earlier in this century. Another great difference between that America and our own is the stage of industrialization, and especially the role of industrial cities. The great waves of pre-war immigration to the U.S. coincided with the robust expansion of industrialism in America, based in and around the cities of the Northeast and Midwest. Those cities and their factories and associated distribution networks had a huge appetite for low and semi-skilled labor, as America entered its glory days as the pre-eminent industrial power. Industrial cities, especially, functioned as a great machine for the integration of millions of foreign arrivals as well as internal migrants. Entry-level jobs were abundant, wages and living standards rose, and the cities proved to be a springboard to upward mobility for millions who had been cut adrift from rural life by mechanization. The costs were of course high, yet from this distance we see that the overall result was a powerful voyage toward economic progress which carried even millions of aliens into American nationality with all of its benefits. Perhaps there was another, better way, but history took this path--once. (Kasarda, 1985)

That America is gone. We are predominantly and increasingly a service-based economy, deindustrializing at least as measured by employment, and deconcentrating both population and jobs out of the older urban cores. Two implications flow from these structural changes. We may not be agreed, after the Industrial Policy debate, upon the best private and public measures to take in adjusting to an altered world economy, but it is quite clear that we are in a new and lasting era of international industrial competition. America's economic future depends upon adaptation, and if we are to retain a substantial industrial capacity, as for many reasons we must, it must be through a shift toward those knowledge-intensive sectors in both manufacturing and services, leaving the low-wage, mass-production industries to take root abroad. This will require a labor force of high educational and skill levels and aspirations; it does not imply a larger labor force, and certainly not one recruited primarily from the mass populations of the Third World. At the same historical moment when ~~is forced~~ America moves toward these structural changes, the cities have lost their earlier function as industrial engines of assimilation. Factory and blue-collar jobs have slipped away, employment patterns have shifted to knowledge-intensive services, the white and small minority middle class has moved to the periphery, leaving behind low-income minorities and the old, facing a huge gap between existing job opportunities and the skill levels of this disadvantaged population. There is an economic and social function for America's cities, and some are struggling toward new forms more rapidly than others; but the contemporary city cannot perform the function it served in the era of mass immigration which coincided with our industrialization a hundred years ago.

These are great changes, in the economic base and the function of industrial cities. But our immigration policy still delivers to America a very similar input as it did eighty to a hundred years ago--a million or more a year from countries basically poor and lesser-developed, ethnically and therefore culturally very different from the nation's current majority and its heritage. We count, as always, on the assimilation process. Many institutions contribute to it, though we can no longer ~~count~~ rely upon Frederick Jackson Turner's democratizing Frontier, or the robust industrial cities which formerly heated the melting pot. The national economy is normally a force for social interchange, the acquisition of national norms and English language skills. But here we encounter the first of many signs that the assimilation process is becoming impaired. There seems a spread of ethnically-secluded work sites, entire assembly lines in auto plants where only Arabic is spoken, and in the Southwest where Spanish-speaking populations are large and growing, entire job sites and even industries have become exclusively Hispanic--fruit and vegetable agriculture, parts of construction, ethnic-owned restaurants and other businesses, janitorial firms, food and poultry processing plants, race tracks. For the first time in our history, a majority of migrants speak just one language--Spanish--and most of them live in ethnic enclaves served by radio and television stations carrying the messages of American advertising as well as all other communication in Spanish. In such settings the assimilative impulses of the national economy have a faint influence.

Other institutions shouldering the assimilative role appear also to be losing vitality or effect. I have already noted, briefly, some aspects of what many see as the faltering ability of the public schools to convey to non-English speaking children (in truth, to a lesser extent also for all children) the language and other educational attainments required for social success. Even where the schools are effective, it is well known that curricula have in recent years been drained of their attention to American and Western history and culture. A subtle but far-reaching shift in values over many decades seems to have carried the majority culture into a zone of self-doubt, leading to the operating conclusion that the new and desirable appreciation in the U.S. of non-Western cultural backgrounds rules out any publicly-sponsored cultural reaffirmation of the nation's originating inheritance as derived chiefly from Western Europe and in the English language.

And on the side of recent and incoming immigrants, some have detected a shift in attitudes affecting the process of "becoming American." Assimilation, of course, has always been a process of losing as well as gaining, has been painful to individuals and resisted by immigrant-group leadership. Is there a trend toward a more widespread or vigorous resistance to assimilation? Some evidence points in that direction, especially for Hispanics. John Garcia reports that Mexican immigrants naturalize at a rate one-tenth that of other immigrants, and attributes this to the absence of feelings of identity as (North) Americans. Surveys of Hispanic business leaders in the U.S. have found that the majority feel themselves to be equally Hispanic and American, and a national poll in 1984 found that "most Hispanics think of themselves as Hispanics first, and Americans second" and that the trend was increasing. (Garcia, 1981; Yankelovich et al., 1984; Bikales and Imhoff, 1985). As I boarded the plane in San Francisco to come to this hearing, the newspapers were carrying a small item noting that, as in every year since 1970, the "Chicano" students graduating from San Jose State University would hold a separate graduation ceremony.

Memories of the American past have here a reassuring quality, buoying our hopes with the reminder that these do not sound like new concerns, these questions of national cohesion, assimilative capacity, the benefits and limits of separateness. I have chosen to stress the new conditions which call into question any complacency--an economy caught up in structural shifts out of mass-production manufacturing into knowledge-intensive services and goods production, with the different sort of labor force which this implies; the greatly reduced capacity of our cities to provide millions of immigrants economic entry points to the next convoy of economic advance, as the industrial cities had done through most of the last century; the apparent faltering of other elements of the assimilation process, such as public schools, the self-confidence of the host culture, the receptivity of currently arriving immigrants to undergo the beneficial discomforts of assimilation. The most striking new feature of our circumstances is is, of course, the physical proximity across a 2,000 mile land border of Mexico, the state at the northern tier of a Latin America experiencing rapid population growth within economies in varying degrees of difficulty. In the more than three centuries of immigration which built the current United States there has never been such a circumstance, where immigrants in mass numbers arrived from a society to which they could continually return for cultural reinforcement by the mere turn of a dial or by the briefest land journey.

And we should not conclude even so brief a survey of the workings of assimilation in today's United States without looking beyond immigrant populations to the trapped underclass composed of American citizens, so many of them Blacks whose efforts to mount the ladder of social mobility go back many generations and whose condition should humble those who still believe that either our economy or our governments remedial efforts constitute singly or together assimilative mechanisms of reassuring power.

Today's America gives many and sharply conflicting messages to any analyst of its economic and social direction. Mr. Reagan's "It's morning in America!" is a formulation available to uncompromising optimists; but one knows that he has left out much in this view from the white affluent top--the urban underclass, teenagers having or begetting and abandoning children, the dependencies on chemical substances or welfare, the ghettos that do not yield to the strategies of Democrats or Republicans. Uncontrolled immigration makes its own, and mostly a problem-enlarging contribution to these strains upon the social fabric. In a recent meeting in San Diego, which included public officials, academics, knowledgeable professionals, and that scholar/journalist, the late Theodore White, a vivid pair of scenarios emerged from discussion of the future of that most immigration-impacted state, California. One possible California, in the year 2000 or 2020, was of a society of 40-50 million people, and apart from some crowding in Yosemite, it was a happy checkerboard of ethnic enclaves offering the best of the world's cuisine, a composite of the Pacific basin, where thousands of rural peasants moved northward across the Mexican border each day to take up the menial chores shunned by successive preceding groups. Faith in this scenario required a suspension of disbelief for those who knew immigration trends and reflected upon the economic and social realities. The other scenario built upon economist Phillip Martin's projections:

> If the immigration status quo persists, the U.S. will develop a more unequal society with troublesome separations. . . . The California work force will be mostly immigrants or their descendants by 2010. These working immigrants, mostly non-white, will be supporting mostly white pensioners with their payroll contributions. Is American society resilient enough to handle the resulting tensions? (Martin, 1986)

Other elaborations came forward--a two-tiered society was in prospect, the one young, overwhelmingly Hispanic and Black, and low-income, the other largely older whites and Asians, affluent, with a woefully small intermixing of these categories. It is a segmented society, the rich who work in high-technology enterprise or are retired to Palm Springs or coastal watering places, moving uneasily among a mass population with low educational attainments and income levels; those who own businesses communicate to the workforce through foremen who translate from English.

If we evade this second scenario, in California and the Southwest and Florida, in New York and Detroit and Chicago and Denver and in many other places, it will not be because immigration ceased of its own accord to drive us in this direction. This society has admirable capacities, in its private and public realms, to promote that degree of economic and social assimilation required to bind this heterogeneous society into a working whole. But only an audacious and unthinking hubris would lead us to fail to recognize the sobering and apparently intensifying defects of our mechanisms of social integration, and persist in our current policy of permitting uncontrolled immigration. There is much that we do not know, but the immigration realities of tomorrow we do know much about. The Mexican population of ~~over~~ [illegible] almost 80 million will double in some

25 years, the rates of population growth in most of Central America are even higher, and the pressures upon our southern borders grow monthly, apprehensions at Texas and California borders increasing 50% in the last twelve months. The only major uncertainties in this future are not demographic, but the likelihood, indeed one would now be tempted to say the timing, of the collapse of the social order in Mexico or more intense civil disturbance in societies to her south, loosening floods of refugees whose impact we have not included in even the most pessimistic of our assessments.

And the chief victims and bearers of the social costs of a continuation of the immigration status quo? They will not, at least in the short run, be the affluent, secure in their minor enjoyments of the fruits of a labor force subsidy in the form of alien labor which slightly reduces the cost of motel rooms, tomatoes, and restaurant meals. "The poor have the most to lose from uncontrolled immigration," was the blunt summary of all that we know about the matter, offered just last week in the LOS ANGELES TIMES by the Hispanic writer, Richard Rodriguez. (Rodriguez, 1986)

The policy recommendations which flow from this analysis begin with the reiteration of one of the most consensual, soundly researched and widely debated policy reformsof recent times, that the U.S. government take immediate and effective steps to curb and as nearly as possible to end illegal immigration into this society. The first steps toward that end are embodied in the Senate version of what is now called the Simpson-Rodino bill, now, incredibly enough, still delayed in the House.

Second, when we turn to the other half of the immigration reform assignment, also well studied by the Hesburgh Commission and in the legislative process leading up to the 1984 version of the Simpson-Mazolli bill, the U.S. should move away from the almost complete reliance upon the principle of family reunification as regards legal immigration. An attractive alternative principle, which should weigh more heavily in our own immigration law, is the guiding element in Canadian immigration policy to our north, the labor force needs of the national economy. Immigration decisions should not be made in the future as they are now, by employers who sustain illegal immigration and by individuals whether citizen or alien who claim the benefits of family reunification. We should shift the principles of selection toward a nationally-determined need for augmentation of the labor supply, as well as toward the ends of a national policy on population size, a vital but now lacking instrument for securing the national welfare.

These steps are important beginnings. They address the volume, composition, and legality of entering immigrants, and not the internal assimilative processes which assist them and others to full participation as citizens. The stress in the Urban Institute and Rand studies of California on the importance of improvements in the system of public education certainly move in the right direction, though such concerns may lie outside the agenda of this committee. But one urges a continuation of this body's laudably broader view of what constitutes the sources of national well-being than the one found in that lamentable chapter in this year's CEA report.

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Government increases immigration levels

Ottawa -- Walter McLean, Minister of State for Immigration today tabled the Annual Report to Parliament on Future Immigration Levels.

The report, outlining levels for 1986 and 1987, sets forth an overall increase in immigration levels to 105,000-115,000 for 1986 and to 115,000-125,000 for 1987. These figures are up from the 85,000 to 90,000 announced last fall for 1985.

"The report recognizes the significant contribution immigrants make to Canada's economic well-being and the job creation benefits they provide for all Canadians," said Mr. McLean. "We are looking at a moderate, controlled increase, one that is clearly in keeping with Canada's tradition of social justice while fostering our multicultural society."

The Family Class continues to be the cornerstone of immigration policy with the projection for 1986 and 1987 remaining at 45,000, reflecting the stability that has existed in this component in recent years.

"Although we continue to respond to sponsorship requests as they are received, I have become concerned about reports that undue delays may be occurring in the processing of Family Class applications," said Mr. McLean. "For this reason, I have asked the Chairman of the Standing Committee on Labour, Employment and Immigration to have the Committee review this question and recommend ways which will speed up the processing time."

The 1986 level of 4,000 for business immigrants represents a significant increase over past years. It also corresponds to a recommendation contained in the third report of the Standing Committee on Labour, Employment and Immigration. The recommendation proposed that the level of business immigrants be substantially increased as a clear signal that this Government welcomes qualified business immigrants.

The business immigration program therefore has been brought into line with the Government's overall strategy relating to foreign investments. It has been enlarged to include a new investor category which will benefit from a fully coordinated approach between federal departments and provincial governments.

The figure of 16,000 for Convention Refugees and Designated Classes includes an additional 1,000 places for government-assisted refugees and also reflects an expectation of approximately 4,000 private sponsorships.

To ensure proper support on arrival for these refugees a further $3 million has been allocated to the Adjustment Assistance Program. An increase of $750,000 will provide additional funds for agencies which assist refugees.

"Again, Canada is taking the lead in refugee resettlement. And our wide-ranging consultations have indicated broad support for these initiatives," said the Minister.

The government is also revising the immigration selection criteria for Assisted Relatives and other Independent immigrants. The revised criteria will provide opportunities for these persons to come to Canada. Accordingly, the global planning range for the two components is 12,000-15,000, up from the 5,500 to 6,500 announced for 1985.

The 1985 Report on Future Immigration Levels is a confirmation of the direction taken by the Report on the Review of Future Directions for Immigration Levels which was tabled in June. Both are the result of intensive study and Canada-wide consultation with governments, non-governmental organizations, and private citizens.

"What the review and this year's report point to is an increase in levels which will have tremendous potential for Canada's economic growth," said the Minister. "It will also help delay any effect of a population decline on Canada's future."

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HIGHLIGHTS

- IMMIGRATION LEVELS
- NEW BUSINESS IMMIGRATION PROGRAM
- SELECTION CRITERIA FOR INDEPENDENT IMMIGRANTS

IMMIGRATION LEVELS

Total level for 1986: 105,000 to 115,000
Total level for 1987: 115,000 to 125,000

Components

	1985	1986
Family Class	45,000	45,000
Refugees and members of Designated Classes	15,000*	16,000**
Admissions - humanitarian and special measures	5,000-8,000	4,000-7,000
Assisted Relatives and other Independent immigrants:		
Principal applicants	5,500-6,500	12,000-15,000
Spouses and other dependants	5,500-6,500	14,000-18,000
Business immigrants:		
Principal applicants	2,200	4,000
Spouses and other dependants	4,800	8,000
Retirees	2,000	2,000
TOTAL	85,000-90,000	105,000-115,000

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*Includes 11,000 government-assisted and approximately 4,000 privately sponsored.
**Includes 12,000 government-assisted and approximately 4,000 privately sponsored.

GOVERNMENT-ASSISTED REFUGEE ALLOCATIONS, 1985-1986

	1985	1986	CHANGE
Eastern Europe	2,200	3,100	+ 900
Southeast Asia	3,700	3,200	- 500
Latin America	3,000	3,200	+ 200
Africa	1,000	1,000	-
The Middle East	800	900	+ 100
Other world areas	200	300	+ 100
Funded Management Reserve	100	300	+ 200
TOTAL	11,000	12,000	+1,000

- Assisted Relatives and other Independent immigrants will have new opportunities to immigrate because the selection criteria are being revised and the restriction on these immigrants is being lifted. The restriction -- introduced in May 1982 -- specified that these "selected workers" required arranged employment validated by a Canada Employment Centre in order to come to Canada.

- Business immigrants -- entrepreneurs, self-employed persons, and members of the new "investors" category -- will be actively sought because they contribute to economic development by augmenting capital formation and creating job opportunities for Canadians.

- Family Class landings are projected to be at 45,000 in 1986. This portion of the movement is reactive in that the government accepts sponsorship applications from eligible Canadians on behalf of their close family members from abroad.

- Concerns about perceived delays in processing times for Family Class members at posts abroad have prompted a reference to the Standing Committee on Labour, Employment and Immigration to assess ways in which these times may be reduced. Family Class members are already accorded the highest processing priority at posts abroad, along with Convention refugees and members of Designated Classes.

- The increase of 1,000 in the annual plan for government-assisted refugees is the second consecutive year that an increase of this size has been introduced. The estimate of 4,000 privately sponsored refugees is in addition to the government-assisted total of 12,000. In addition, a further 4,000 to 7,000 people are expected to be landed under special humanitarian measures applying to countries where there is unrest.

- The linkage between immigration and Canada's future population size and composition is being examined in a separate review under the Honourable Jake Epp, Minister of National Health and Welfare. Meanwhile, the 1986 and 1987 increased immigration levels will help forestall population decline, which is projected to begin shortly after the turn of the century.

- The immigration levels for 1986 and 1987 follow the widest process of consultations since the Green Paper study of the mid-1970s. In addition to provincial and territorial governments, about 640 national and local non-governmental groups were invited to submit their views on future immigration. These organizations represent employers, employees, professionals, and academics. In addition, ethnocultural groups and refugee advocacy and aid organizations were also consulted.

NEW BUSINESS IMMIGRATION PROGRAM

- A new category of business immigrant -- the investor -- is being added to the two existing categories, entrepreneurs and self-employed persons.
- Investors will be required to have a strong proven track record as a successful business person and a net worth of at least $500,000 (Can.). They will also be required to invest a minimum of $250,000 (Can.) for at least three years in a project assessed by a province as being of significant benefit to its economy. Such projects must contribute to the creation or continuation of job opportunities for Canadians. Each proposal requires government support.
- There are three choices for investment -- a business or commercial venture, a privately administered investment syndicate supported by the province where the investments will be made, or a government-administered venture capital fund targetted to business development.
- To send a clear signal of the government's commitment to attracting business immigrants, the level for 1986 for these three categories has been set at 4,000, an increase of 82% over the 1985 level of 2,200.
- Conditional admission of up to two years for entrepreneurs will replace provisional admission. This will allow qualified entrepreneurs quick access to Canada, and up to two years to establish a suitable business. It will also enable visa officers abroad to issue visas on the basis of a general business proposal, while providing the Canada Employment and Immigration Commission with the control needed to ensure that business plans are realized.
- All three categories of business immigrant will be accorded the second-highest processing priority at posts abroad, immediately after Family Class members and refugees. Applications will be processed as quickly as possible.
- Both promotional efforts and counselling will be incresed and improved.
- Business visas will be made available for visitors to help them come to Canada from time to time to oversee their investments and businesses. These visas will be valid for one year and will allow multiple entry to Canada. They will be issued on a reciprocal basis.

SELECTION CRITERIA FOR INDEPENDENT IMMIGRANTS

	Units of Assessment	
Factor	Previous	Revised
Education	12 maximum	12 maximum: no change
Specific vocational preparation	15 maximum	15 maximum: no change
Experience	8 maximum	8 maximum: no change
Occupation	15 maximum: "0" an automatic processing bar	10 maximum: "0" an automatic processing bar
Arranged employment	10: 10 unit penalty if not obtained	10: no penalty if not obtained
Location	5 maximum 5 unit penalty if designated as not in need	eliminated
Age	10 maximum: 10 units if 18 to 35 years. If over 35, one unit subtracted for each year up to 45	10 maximum: 10 units if 21 to 44 years. Two units subtracted per year if under 21 or over 44
Knowledge of French and English	10 maximum: Five units to a person who reads, writes, and speaks English or French fluently; 10 units if fluent in both languages	15 maximum: up to 15 units for fluency in official language(s)
Personal suitability	10 maximum	10 maximum: no change
Levels control	N/A	10 units maximum: set at 5 to start
Relative	5	eliminated
TOTAL	100	100
PASS MARK	50	70
Bonus for assisted relative applicants	15-30	10 if accompanied by an undertaking of assistance

October 31, 1985

ANNUAL REPORT TO PARLIAMENT ON FUTURE IMMIGRATION LEVELS

Minister's Statement in House

Mr. Speaker,

This government is today signalling that Canada is, once again, welcoming immigrants. I have tabled in the House the Report on Future Immigration Levels for the next two calendar years. Immigration levels are being increased to 105,000 to 115,000 in 1986 and 115,000 to 125,000 in 1987 from the 85,000 to 90,000 announced for 1985. The government believes that--contrary to myth--immigrants do not "take jobs away" from Canadians, but instead contribute positively to our economic and social development. This view has been confirmed by comprehensive consultations undertaken this year, by reports of the Parliamentary Committee on Labour, Employment and Immigration, and by the recent report of the Royal Commission on Canada's Economic Prospects.

The two-year plan announced today represents a new era for immigration policy and stresses the positive longer-term impact of the program. During this period, the level will be rebuilt in a moderate, controlled manner which will, in a balanced way, support the reunion of families, the admission of humanitarian immigrants and the selection of economic immigrants. Taken as a whole, this plan will place the immigration program back on the path of the more traditional and widely accepted post-war levels.

SPECIFICALLY, THE GOVERNMENT WILL BE IMPLEMENTING THE POLICY THROUGH ITS MAJOR PROGRAMS:

1) FAMILY CLASS

THE FAMILY CLASS WILL REMAIN THE CORNERSTONE OF IMMIGRATION POLICY; AND WE WILL CONTINUE TO PROCESS APPLICATIONS ON DEMAND. GOVERNMENT PROJECTIONS SUGGEST THAT 45,000 LANDINGS MAY OCCUR NEXT YEAR. BUT I WANT TO STRESS THAT THIS IS NOT A QUOTA OR CEILING, AND THIS PROJECTION MAY BE EXCEEDED IF DEMAND RISES.

2) HUMANITARIAN

CANADA WILL INCREASE ITS GROWTH OF GOVERNMENT-ASSISTED REFUGEES IN 1986 BY 1,000, FROM 11,000 TO 12,000, AT A TIME WHEN MANY REFUGEE-RECEIVING NATIONS ARE BECOMING MORE RESTRICTIVE. THESE REFUGEES WILL BE AIDED BY AN ADDITIONAL PROVISION OF $3.0 MILLION TO THE ADJUSTMENT ASSISTANCE PROGRAM. AN ADDITIONAL $750,000 IS BEING PROVIDED TO AGENCIES TO PROVIDE DIRECT AID TO REFUGEES AND OTHER NEEDY IMMIGRANTS. IN TOTAL, THE 1986 PLAN ALLOWS FOR SOME 20,000-23,000 HUMANITARIAN LANDINGS, THE SECOND LARGEST PLAN IN THE WORLD NEXT TO THE UNITED STATES.

3) INDEPENDENT IMMIGRATION

THIS GOVERNMENT IS GOING TO EMPHASIZE INCREASING THE NUMBER OF ASSISTED RELATIVES AND OTHER INDEPENDENT APPLICANTS who have, since May, 1982, been unable to immigrate without a validated job. These individuals will be admitted on the basis of a revised selection system. Qualifications and skills will be stressed. Preference will be given however to Assisted Relatives through the allocation of bonus points. Landings for this group are projected to double in 1986 to 12,000 to 15,000 applicants and to increase somewhat more in 1987. This contrasts with the 1985 announced level of 5,500 to 6,500.

4) Business Immigration

The Business Immigration Program stands out in terms of its direct impact on job creation and investment in Canada. We are setting a goal of 4,000 landings in this program in 1986, an 83% increase over the 1985 announced level of 2,200 landings. Let me assure you that this increase will not be at the expense of family or humanitarian immigrants.

The creation of a new Investors Program will encourage immigration of business people with proven track records who have resources to invest in Canada. This new program will directly support the efforts of Investment Canada.

LOOKING TO THE FUTURE

MR. SPEAKER, THESE CHANGES REPRESENT AN IMPORTANT FIRST STEP IN REVITALIZING THE IMMIGRATION PROGRAM ON A LONGER-TERM BASIS. THEY RECOGNIZE THE IMPORTANT CONTRIBUTION THAT IMMIGRANTS MAKE TO NATIONAL ECONOMIC DEVELOPMENT. THIS RATIONALE WAS EASILY UNDERSTOOD BY OUR FOREBEARS BUT IT HAS BEEN ALL TOO QUICKLY FORGOTTEN IN AN ERA WHEN WE HAVE BECOME OVERLY PREOCCUPIED IN SOLVING OUR SHORT-TERM PROBLEMS. THIS GOVERNMENT IS COMMITTED TO A LONGER-TERM ROLE FOR IMMIGRATION AND, AS THE RESPONSIBLE MINISTER, I INTEND TO ENGAGE CANADIANS IN A DIALOGUE TO DEVELOP THE NEXT STEPS OF THIS PROGRAM. WE MAY NEED TO CONSIDER, IN THE NEXT TWO YEARS, SIGNIFICANTLY HIGHER LEVELS OF IMMIGRATION IF WE ARE TO SUSTAIN OUR POPULATION GROWTH AND ECONOMIC DEVELOPMENT.

TODAY, THE GOVERNMENT HAS PRESENTED A PLAN WHICH WILL RESTORE THE BALANCE AMONG THE MAJOR IMMIGRATION THEMES IN A MODERATE, CONTROLLED WAY. IT WILL ALSO BE CONDUCTING A DEMOGRAPHIC REVIEW UNDER THE HONOURABLE JAKE EPP. WE WILL BE CLOSELY MONITORING THESE CHANGES TO ENSURE THEIR EFFECTIVENESS AND, IF NEEDED, I WILL BRING FURTHER REVISIONS TO THE HOUSE NEXT FALL.

I TRUST THAT ALL MEMBERS OF PARLIAMENT WILL JOIN WITH ME IN SUPPORTING THESE POSITIVE CHANGES WHICH THE GOVERNMENT IS INTRODUCING TODAY. CANADA IS SENDING A MESSAGE WORLDWIDE THAT, FROM NOW ON, THIS COUNTRY WILL BE WELCOMING MORE IMMIGRANTS TO SUPPORT ITS LONGER-TERM ECONOMIC AND SOCIAL GOALS.

Employment and Immigration Canada
Emploi et Immigration Canada

Immigration facts for parliamentarians

Canada

This booklet was prepared for the guidance of Senators, Members of Parliament, and their staff. It answers questions commonly asked about Canada's immigration legislation.

This is not a legal document. For a precise, legal reference, please consult the 1976 Immigration Act and Regulations.

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Family class immigrants

Canadian citizens and permanent residents residing in Canada who are 18 years of age or over may sponsor the immigration of the following relatives under the family class:

- a **fiancé(e)** and accompanying **dependants** (marriage must take place within 90 days after admission to Canada);
- a **spouse** and unmarried **children** under 21;*
- **parents** and **grandparents** aged 60 or over, and accompanying **dependants;**
- **parents** and **grandparents** under 60, if they are widowed or incapable of work, and accompanying **dependants;**
- **parents** of any age plus accompanying **dependants** (only Canadian citizens may sponsor parents of any age);
- **brothers, sisters, nephews, nieces,** and **grandchildren** who are under 18, unmarried and orphaned;
- any child under 13 years of age whom the sponsor intends to adopt (provincial consent for adoption required), who is:
    - an orphan;
    - an abandoned child whose parents cannot be identified;
    - a child born outside of marriage who has been placed with a child welfare authority for adoption; or
    - a child whose parents are separated and who has been placed with a child welfare authority for adoption.

***Note:** Sponsored sons and daughters, and the sons and daughters of other sponsored relatives, are eligible to receive visas until their 23rd birthday, although they must be under 21 when they apply for visas and when their relatives in Canada agree to sign an undertaking of support.

A Canadian citizen or permanent resident who does not have a spouse, son, daughter, father, mother, grandfather, grandmother, brother, sister, uncle, aunt, nephew or niece, may sponsor one relative regardless of age or relationship.

Assisted relatives

A person qualified under immigration legislation* may assist the immigration of a relative from abroad only after the relative:

- has made an application to immigrate at a Canadian diplomatic mission abroad and has been discouraged or refused as an independent immigrant for failing to meet selection criteria; and
- receives a letter advising that he/she may ask a relative in Canada to submit an undertaking of assistance on his/her behalf at a Canada Immigration Centre (CIC).

The letter must be presented at a CIC by the person in Canada. The CIC will require the person to sign an undertaking of assistance and furnish proof of ability to provide for lodging, care and maintenance of the assisted relative and any dependants for a period of five years.

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* In order to assist the immigration of a relative from abroad a person must be:

- a Canadian citizen or permanent resident (landed immigrant) of Canada;
- at least 18 years old;
- living in Canada; and
- a brother/sister, father/mother, grandfather/grandmother, grandchild, son/daughter, uncle/aunt, or niece/nephew, of the prospective immigrant.

Exception: Qualified persons wishing to assist relatives in:

Albania	Poland
Bulgaria	Romania
Czechoslovakia	East Germany
Hungary	Soviet Union
People's Republic of China	Vietnam

or

relatives who are Indochinese refugees in Southeast Asia or Armenian Christians in Turkey, need not follow the above procedure. Instead, they should approach a CIC directly to arrange the undertaking of assistance.

Duration of financial responsibility

Sponsors undertake to assist family class relatives for a period of up to 10 years, as determined by an immigration officer.

Guarantors of assisted relatives are required to sign a five-year financial undertaking.

Quebec -- independent immigrants and assisted relatives

An agreement was signed on February 20, 1978 between the governments of Canada and Quebec with regard to co-operation on immigration matters and the selection of immigrants destined for Quebec. The essential provisions of this agreement relate to the selection of independent immigrants and assisted relatives.

Independent immigrants

- An independent immigrant is a person who applies for permanent residence in Canada on his/her merits only.

- Independent immigrants destined for Quebec are assessed on the basis of separate federal and Quebec criteria to determine their chances of becoming successfully established.

- The landing of an independent immigrant destined for Quebec requires Quebec's prior agreement. In cases where the two governments disagree on landing, Quebec's assessment overrides Canada's in recognition of Quebec's commitment to provide provincial assistance to independent immigrants from their day of arrival. However, before issuing a visa, the federal officer must be satisfied that the applicant meets statutory requirements applicable to all immigrants regardless of their destination in Canada. These include satisfactory background and health requirements, and evidence that the applicant can become successfully established in Canada.

Assisted relatives

- An independent applicant who has been refused landing may be assessed as an assisted relative if he/she has a relative in Quebec willing and eligible to act as guarantor.

- Guarantors are required to submit:
  - to the federal government, an offer of assistance which will establish their eligibility to apply on behalf of specific relatives;

- to the Quebec government, an undertaking which will establish compliance with the economic standards established by the province.

In view of the federal government's commitment to family reunification, a positive federal evaluation of the applicant's chance for successful establishment may override a negative assessment by Quebec. Similarly, a positive assessment by Quebec will lead to issuance of a visa, provided that the applicant meets all federal statutory requirements.

Entrepreneurs and self-employed persons

Persons wishing to immigrate to Canada as entrepreneurs or self-employed persons are deemed to be of special advantage to the Canadian economy and are given special consideration by the immigrant selection system.

In most cases, federal and/or provincial business development services are involved in assessing specific business proposals prepared by prospective entrepreneurial or self-employed immigrants. Often these services are actively involved in the establishment of the proposed enterprise.

Entrepreneurial immigrants must provide proof that they have:

- the intention and ability to establish, purchase or make a substantial investment in a business which creates or maintains jobs for one or more Canadians or permanent residents, other than the entrepreneur and his/her dependants;
- a proven track record as an entrepreneur, or senior management experience which is relevant to his/her business intentions in Canada; and
- sufficient capital in relation to the Canadian venture and the intention and ability to participate directly and on an ongoing basis in the management of the business.

Self-employed immigrants must also prove their intention and ability to establish and operate businesses in which they themselves will be employed, and that their work will contribute significantly to the economic, cultural or artistic life in Canada.

Prospective entrepreneurs or self-employed immigrants should initially approach and seek guidance at the visa office of a Canadian mission abroad, where they may be counselled by specially trained entrepreneurial development officers. In many cases, an exploratory visit to Canada will be useful in formulating the written business proposal necessary for assessing their prospects for successful settlement in Canada. Visa officers consult with provincial officials for an opinion on the viability of the proposed business and an assessment of its economic benefit to the local community.

An immigrant visa may be issued to business persons who meet the requirements and who have made a firm commitment to a suitable job-creating business. Experienced entrepreneurs whose plans are not yet final may be admitted to Canada provisionally for up to two years, after which permanent residence is granted if they locate or establish a suitable business.

Immigrating to retire in Canada

Application to immigrate for retirement in Canada must be initiated at a visa office at a Canadian mission abroad. Normal selection criteria do not apply to persons who wish to come to Canada to retire as independent immigrants.

However, applicants must:

- be at least 55 years of age;
- have no intention or need to be employed in Canada;
- be able to adjust to life in Canada;
- have sufficient funds to support themselves and any accompanying dependants (e.g., a spouse) in Canada;
- be in satisfactory health; and
- have or be able to obtain adequate health-care insurance in Canada.*

Adoptions

Canada's adoption policy gives high processing priority to the admission of adoptive children from abroad. Immigration law stipulates immigrant adoptive children:

- must be less than 13 years of age at the time of adoption;
- must be eligible for adoption; and
- must be adopted according to the laws in effect in their homeland, or be adoptable under the laws of the province where they intend to reside.

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* Requirements for admission to medicare programs vary from province to province. It is incumbent upon prospective retiree immigrants to satisfy a visa officer that they will have some form of health-care insurance coverage when they arrive in Canada.

If they fulfill these conditions, adoptive children may be sponsored by Canadian citizens and permanent residents of Canada and are processed for immigration in the high-priority sponsored family class category, as are natural children.

Children adopted abroad may be sponsored at a Canada Immigration Centre (CIC) or at a Canadian visa office abroad. Proof that adoption was effected formally under the laws of the country of the child's residence must be presented.

Children may also be sponsored at a CIC for adoption in Canada; documented concurrence with the adoption by the provincial child welfare authority must be presented.

Exception: A child adopted in the course of a visit to Canada may be sponsored at a CIC, processed within Canada and landed by Order-in-Council if there are sufficient humanitarian and compassionate grounds to warrant an exemption from the requirement that an immigrant visa be obtained outside Canada.

Delays in processing immigrants abroad

Processing times at visa offices abroad vary. Delays may result from:

- workload being out of proportion to visa office resources, resulting in backlogs;
- local conditions; and
- occasional and seasonal surges in workload.

The Department of External Affairs, which is responsible for immigrant processing abroad, routinely deploys both officer and support staff so as to avoid or minimize backlogs. Unexpected and seasonal increases in workload are handled by assigning additional officers from Canada and by local hirings of temporary staff.

Long processing times are often attributable to local conditions such as slow mail delivery and delays by local authorities in verifying or issuing documents essential for processing applications.

Background checks

A background check is a normal part of immigrant visa processing. The procedure protects Canada from accepting as permanent residents persons who are undesirable because they may disrupt law and order or may threaten the security of the state.

Background checks are conducted for all persons aged 18 to 65 prior to issuing immigrant visas. Documents used in these checks include:

- confidential security intelligence and criminal conviction records; and
- immigration records for persons who have violated provisions of the Immigration Act.

Visitors

Background checks may also be conducted prior to issuing a visa to a visitor if there are reasons to believe that he/she may be undesirable or prohibited by immigration law.

Rehabilitation

A person who is criminally inadmissible or who has failed to pass a background check may be allowed into Canada if:

- he/she has been criminally convicted but can satisfy the Minister of Employment and Immigration, or the Governor-in-Council, that he/she is rehabilitated (this usually requires proof that at least five years have elapsed following termination of the sentence and that no further convictions have occurred); and
- the Minister, for reasons of national interest or strong humanitarian or compassionate grounds, so directs.

Requests for relief based on rehabilitation may be initiated at the discretion of a visa office abroad or a Canada Immigration Centre in Canada (see pp. 19-20).

Refugees -- policy, definition and programs

Canada has a long humanitarian tradition of assisting refugees. Each year we resettle significant numbers of Convention refugees and other displaced and persecuted persons on humanitarian grounds.

Canada's definition of a refugee was adopted from the 1951 United Nations Convention Relating to the Status of Refugees, and is incorporated in Canada's Immigration Act as follows:

> **"Convention refugee" means any person who, by reason of a well-founded fear of persecution for reasons of race, religion, nationality, membership in a particular social group or political opinion,**

(a) is outside the country of his nationality and is unable or, by reason of such fear, is unwilling to avail himself of the protection of that country, or

(b) not having a country of nationality, is outside the country of his former habitual residence and is unable or, by reason of such fear, is unwilling to return to that country.

In addition to assisting Convention refugees, Canada also takes steps to help individuals or groups who are in special need of humanitarian assistance because of unusual hardship in their country, including civil war, political upheaval and natural disaster.

Refugee claims

A person in Canada has the right to make a claim to refugee status during an immigration inquiry.* The Canada Employment and Immigration Commission has allowed the making of a claim while "in status", that is, while legally in Canada as a visitor (tourist, student or temporary worker), but this arrangement has no standing in law and provides no right of appeal in the case of a negative decision.

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* An immigration inquiry is a hearing to determine whether a person may be admitted to, or allowed to remain in, Canada. Persons may be refused admission or removed following admission if, for example, they:

- are found to be non-genuine visitors seeking admission;
- have remained in Canada beyond the validity of their authorized stay, or
- have taken employment or attended an educational institution without permission.

Refugee claimants will be examined under oath, at which time their claim will be recorded and then reviewed by the Refugee Status Advisory Committee (RSAC) (comprising private sector, External Affairs, and Employment and Immigration members), which will make a recommendation to the Minister of Employment and Immigration concerning the claim.

A person whose claim is accepted by the Minister will be recognized as a Convention refugee. With few exceptions, Convention refugees lawfully in Canada are permitted to remain.

Only when a claim to refugee status is made during an inquiry can the claimant seek a redetermination of the case by the Immigration Appeal Board (IAB). However, if a person who is legally in Canada has been refused refugee status and later becomes the subject of an immigration inquiry, that person has the right to claim refugee status a second time. If again refused, the claimant has the right to seek a redetermination of the case by the IAB.

Only a person who makes a refugee claim during an immigration inquiry may be considered for an employment authorization.

The existing refugee claims determination process provides for two levels of review on merit of refused cases: an administrative review for humanitarian and compassionate reasons; and the Immigration Appeal Board. The present system is clogged with more than 12,000 claims, and is therefore under major review.

Settlement

A variety of programs and services are delivered to immigrants at Canadian posts abroad, on arrival at ports of entry and at final destinations in Canada.

The objective is to assist in the settlement and adaptation of recently arrived permanent residents (i.e. immigrants and refugees) so they may become fully participating members of Canadian society as quickly as possible.

Current programs

Immigrants and refugees may be eligible for loans (Transportation Loans Program) to assist them with transportation costs from the point of their embarkation abroad to their final destination in Canada.

Upon arrival, direct financial assistance is provided through the Adjustment Assistance Program to unsponsored indigent newcomers (usually refugees and members of designated classes) until their income is sufficent to meet their basic needs, and to help them access the labour market.

Other settlement services, including reception, information and referral, counselling, interpretation and translation where possible, are provided at ports of entry and local Canada Employment Centres.

Direct and essential settlement services are also provided at the community level to immigrants during their early stage of settlement. This is done through contracts between the CEIC and voluntary organizations under the terms of the Immigrant Settlement and Adaptation Program (ISAP).

A component of ISAP also enables the CEIC to fund short-term community projects such as planning and consultation activities, research, conferences and seminars, publications and training sessions which will directly contribute to improved settlement services.

A number of programs (Handicapped Refugee Program, Tubercular Refugee Program, Joint Assistance Program, and Unaccompanied Minor Program) functioning in close cooperation with provincial governments and the private sector provide for the admission and settlement of special needs refugees. These are people who would not qualify under normal circumstances for admission to Canada but who, with some additional settlement assistance, would be capable of achieving self-sufficiency within a reasonable period of time.

Change of status or conditions of admission

Each person allowed into Canada enters under a specific status and with specific conditions. These cannot be changed without prior approval by immigration officials.

Visitors admitted as:

- tourists may not take employment or engage in academic, professional, or vocational studies or training, unless incidental to their main purpose for being in Canada.
- students may not take employment, or change educational institutions, unless so authorized;
- temporary workers may not enter into full-time studies, and may not change employment unless so authorized.

In addition, visitors **may not** apply for permanent resident (landed immigrant) status from within Canada. This also applies to visitors' dependants who are in Canada.

Requests for change of status or conditions of admission should be addressed to a Canada Immigration Centre.

Changes may be granted, for example, in cases of:

- dependants of foreign diplomats;
- domestic workers;
- persons claiming refugee status;
- visitors unable to return to their homeland because of political events or natural disasters occurring there since coming to Canada; or
- unforeseeable financial hardship.

Immigration inquiries

Persons seeking to come into Canada and visitors, permanent residents and other non-citizens in Canada who do not fulfill the conditions of a visa or authorization, or who are in violation of the Immigration Act and Regulations, may be required to leave Canada.

The *Immigration Act (1976) and Regulations* provide for an adversarial system of quasi-judicial decision making to determine whether a person will be allowed to come into Canada, or removed from Canada. In addition, the detention of any person for immigration purposes must be reviewed regularly.

No person may be refused entry to Canada, or asked to leave once here, unless he/she has been given the right to be heard at an immigration inquiry. Such inquiries are presided over by adjudicators -- officers specially trained in immigration law and related elements of civil and criminal law and hired to conduct immigration hearings.

The Act provides that adjudicators can make the following decisions:

Deportation order	A deportation order requires a person to leave Canada; once executed, a person so removed can never return without the consent of the Minister.*
Exclusion order	An exclusion order requires a person to leave Canada; once executed, a person so removed cannot return for a twelve-month period without the consent of the Minister.*
Departure notice	A departure notice requires a person to leave Canada by a certain date. Once the person has so left Canada the notice has no ongoing effect.
Allowed to come into, entry, landing	A person must be allowed to come into Canada, may be granted entry as a visitor, or may be landed as a permanent resident. In the case of entry or landing, terms and conditions of a prescribed nature may be imposed.
Allowed to remain	A person may be allowed to remain in Canada as a visitor or as a permanent resident.
Discretionary entry	Certain classes of visitors, found to be inadmissible, may be granted discretionary entry for a period of up to 30 days when the purpose of their visit merits the exercise of this discretion. Appropriate terms and conditions may be imposed in these cases.

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* A request for the Minister's consent is initiated at visa offices at Canadian missions abroad.

Detention or release	Any person detained for immigration purposes must be brought before an adjudicator after 48 hours and once every seven days thereafter so that his/her detention may be reviewed. Adjudicators may order the detention or release of a person. When ordering release, or allowing a person to remain at large, adjudicators may impose appropriate terms and conditions, including the payment of a cash bond or the signing of a performance bond.
Inclusion of family members	When requiring a person to leave Canada an adjudicator may include dependent family members in the order (after each dependant has been given a hearing in his/her own right) except for Canadian citizens or permanent residents over 18 years of age.
Reopening an inquiry	An adjudicator can order that an inquiry be reopened to permit the hearing of further evidence. At a reopened inquiry an adjudicator can affirm, amend, or quash a decision made at the previous inquiry.
Conduct of inquiries	Adjudicators have the power of a Commissioner under Part I of the *Inquiries Act* and render appropriate procedural decisions to ensure a full and proper inquiry.

All decisions made by adjudicators are final unless overturned by the Federal Court of Appeal on review pursuant to Section 28 of the *Federal Court Act*. In addition, certain decisions made by adjudicators are reviewable by the Immigration Appeal Board (see following section).

The Immigration Appeal Board (IAB) will hear and rule on questions of fact or law and on requests for humanitarian or compassionate consideration in cases where:

- a Canadian citizen appeals the refusal abroad of a family class application he/she has sponsored;
- a permanent resident (landed immigrant) appeals a removal order;

- a visitor or immigrant with a visa appeals a removal order at a port of entry;
- a person granted refugee status appeals a removal order; or
- a person in possession of a valid returning resident permit appeals a removal order.

In addition to the above, the IAB considers applications for the redetermination of refugee claims which have been rejected pursuant to the Convention refugee provisions of the Immigration Act.

On rare occasions, the Minister of Employment and Immigration may appeal a decision made in favour of the subject of an immigration inquiry. Where the IAB allows the appeal, it will consider humanitarian and compassionate grounds before deciding whether to direct the person's removal.

The Federal Court of Appeal can review and overturn decisions of both the IAB and of adjudicators at immigration inquiries. The Minister of Employment and Immigration may also apply to the Federal Court for a review of decisions by the IAB.

The Supreme Court of Canada hears appeals of decisions rendered by the Federal Court.

Provincial Superior Courts may hear applications for writs of *habeas corpus* where it is argued that a person is illegally detained under the Immigration Act.

The Federal Court Trial Division may hear applications for various writs, other than *habeas corpus*, relating to immigration procedures.

Appealing refusal of a sponsored (family class) relative

Only a Canadian citizen who has sponsored a family class application for landing that is refused may appeal to the Immigration Appeal Board.

The appeal may be made on a question of law, fact, or both law and fact; the existence of compassionate or humanitarian considerations; or a combination of the two.

Deadlines for filing appeals

A person has **five days** to file an appeal with the Immigration Appeal Board (IAB) against a removal order. The right to appeal does not automatically stay the execution of the order, unless the person concerned so requests. Such a stay applies for 24 hours. Once the appeal is filed with an immigration officer or adjudicator, the order is stayed pending a decision from the IAB. After receiving a negative decision or order from the IAB, the person concerned has **15 days** to file an appeal with the Federal Court of Appeal.

Reapplying to immigrate

A person who has been refused admission as an immigrant for failure to meet selection criteria may reapply at any time.

However, a new application will likely be refused again unless there are changes in the applicant's circumstances and/or in labour market conditions in Canada. New circumstances which could improve an applicant's chances for acceptance include:

- a different occupation;
- improved skills;
- pre-arranged employment in Canada;
- increased demand for his/her occupation in the Canadian labour market;
- improved knowledge of Canada's official languages; and
- change of destination in Canada to a location designated as having a sustained and general need for employees in various types of employment.

Applicants with criminal records

The Immigration Act distinguishes among offences for which applicants with criminal records (who are applying for permanent residence) have been convicted, as follows:

- If the conviction is for an offence that if committed in Canada might be punishable by way of indictment, and for which a maximum prison term of 10 years or more might be imposed, **five years** must have elapsed since the termination of the imposed sentence, before the Governor-in-Council may consider an application for relief based on rehabilitation of the person.
- If the conviction is for an offence that if committed in Canada might be punishable by way of indictment and for which a maximum prison term of less than 10 years might be imposed, **five years** must have elapsed since the termination of the imposed sentence if the person was convicted on or after his/her 21st birthday, or **two years**, if the conviction occurred before he/she reached 21, before the Minister may consider an application for relief based on rehabilitation.

- If convictions were made when the person was 21 or over for two or more offences not arising out of a single occurence that if committed in Canda might be punishable on summary conviction, **five years** must have elapsed between the time any part of the sentences imposed was served, or to be served, and the day on which admission is sought to Canada. If the person was under 21 when convicted of two or more such separate summary offences, **two years** must have elapsed between the time any part of the sentences was served, or to be served, and the day on which admission is sought. Approval of the Governor-in-Council or the Minister is **not** required.

Minister's permits

Minister's permits are issued only under exceptional circumstances:

- to allow admission to Canada of visitors or immigrants who are inadmissible because they fail to meet immigration requirements (a Minister's permit for admission may be issued at a visa office abroad or at a port of entry in Canada);
- to allow a person to remain in Canada who is removable under immigration legislation but who has not yet been ordered removed (a Minister's permit to remain may be issued at a Canada Immigration Centre).

Exception: A Minister's permit cannot be issued to a person to whom a removal order or departure notice has been issued.

A Minister's permit is usually issued for reasons of family reunification, refugee settlement, humanitarian or compassionate considerations, early admission, or national interest.

Order-in-Council waiver

An Order-in-Council waiver is an order which can be used to signify the Canadian government's approval to allow landing of an immigrant who cannot comply with all the requirements of the Immigration Act and Regulations.

An Order-in-Council waiver may be requested by the Minister of Employment and Immigration when there are indisputable reasons for dealing with a case favourably as an exception to the law.

An Order-in-Council waiver is granted by the Governor-in-Council. The procedure can take up to a year and may be initiated by a visa office at a Canadian Embassy abroad, or by a Canada Immigration Centre (CIC) in Canada.

If there are pressing reasons for a person awaiting an Order-in-Council waiver to come into Canada before the order is issued, or to remain in Canada until the procedure is completed, a Minister's permit may be issued at the discretion of a visa office or a CIC.

Immigration publications

The following pamphlets are available from offices of the Canada Employment and Immigration Commission across Canada, or from:

Enquiries and Distribution
Public Affairs
Employment and Immigration Canada
12th Floor
Place du Portage, Phase IV
Ottawa-Hull
K1A 0J9

Tel.: (819) 994-6313

Canada's immigration law -- an overview

Claiming refugee status in Canada -- information for claimants

Coming back to Canada -- returning resident permits

Facts about immigration inquiries

Foreign domestic workers in Canada - facts for domestics and employers

Helping a relative immigrate -- facts for Canadian sponsors

Hiring foreign workers -- facts for Canadian employers

Immigrating to Canada -- initial information for applicants

Introduction to Canada

Living in Canada

Sponsoring refugees -- facts for Canadian groups and organizations

Studying in Canada -- facts for foreign students

The Immigrant Settlement and Adaptation Program -- information for voluntary organizations

Visiting Canada -- your entry and temporary stay

Welcome entrepreneur!

1- An introduction to the Canadian business world

2- Government programs, services and contacts

3- Immigration regulations, guidelines and procedures

Working temporarily in Canada -- facts for foreign workers

Your rights under Canada's immigration law

Canada
IMMIGRATION
Employment and Immigration Canada
Emploi et Immigration Canada

Volume I, Number I, Winter 1986

A greeting from the Minister

I am pleased to introduce this first issue of *IMMIGRATION* by welcoming to readership all those who are affected by, and who have an interest in, Canada's immigration program. I am also delighted to have this opportunity to publicly welcome the Honourable Walter McLean as Minister of State for Immigration. Mr. McLean brings a wealth of experience in ethnic matters acquired as Secretary of State and through his association with many voluntary groups such as CUSO and the Bureau for International Education. I know he looks forward to facing the challenges ahead.

Almost a year ago, I announced a review of future directions for immigration levels. The first phase of this review culminated in a Report to Parliament which I tabled on June 27, 1985, copies of which are available from the Canada Employment and Immigration Commission. Mr. McLean has overseen the second phase of the review, which was completed with the tabling of the *Annual Report to Parliament on Future Immigration Levels* on October 31.

The review process has involved the widest consultations on immigration matters since the Green Paper review of the mid-1970s, which led to the current immigration legislation. Several hundred national, regional, local, and community groups, and many individual Canadians, were invited to submit their views on the direction that Canada's immigration program should take. These groups included employer, employee, and professional associations; Canadian refugee advocacy and aid organizations; ethnocultural groups; and immigration lawyers. In addition, a number of academics with expertise in immigration and demography were consulted. The views of provincial and territorial governments were, of course, also sought.

One theme that has been emerging from this process is the need to provide timely information about immigration program developments to the large number of organizations and indivi-

Flora MacDonald, Minister of Employment and Immigration

Minister, continued on page 2

Inside

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A greeting from the Minister of State (Immigration)

Since my appointment last summer as Minister responsible for immigration, I have become acutely aware of the many challenges which Canada's immigration program will face in the coming months, and I am determined to treat each challenge as an opportunity.

As well, in my capacity as Minister responsible for the Status of Women, I am seeing how my two duties sometimes converge, for instance in the area of immigrant women. You can be assured that any new challenges arising from this unique situation will not go unmet.

As Flora MacDonald has pointed out, newcomers to Canada will continue to help build this nation as they have in the past — by contributing their considerable skills, initiative, energy, and spirit to the development of our national future.

Walter McLean, Minister of State (Immigration)

Immigration is a "people program", and it should be kept in mind that our clients, both in Canada and abroad,

Minister of State (Immigration), continued on page 2

PROGRAM AND POLICY NEWS

Canada welcoming more immigrants

Immigration to Canada in 1986 and 1987 will be increased moderately to signal the federal government's confidence in the important contributions newcomers make to economic development and job creation, according to the *Annual Report to Parliament on Future Immigration Levels.*

The report, tabled in the House of Commons on October 31, 1985, by the Honourable Walter F. McLean, Minister of State (Immigration), announces that 105,000 to 115,000 immigrants will be admitted in 1986, an increase of 30,000 over the announced level for 1985. Components of the 1986 movement are shown in the accompanying table. The 1987 planning range is 115,000 to 125,000.

The Family Class, described by Mr. McLean as "the cornerstone of Canada's immigration program", is projected to account for 45,000 immigrants in both 1986 and 1987, but these figures are not ceilings and landings could be higher if demand rises.

Concerns about perceived delays in processing times at posts abroad for Family Class members have resulted in a reference to the Standing Committee of the House of Commons on Labour, Employment, and Immigration to assess ways in which these times may be reduced. Family Class members are already accorded the highest processing priority at Canadian immigration posts, along with Convention refugees and members of Designated Classes.

The 1986 level includes 12,000 government-assisted refugees, an increase of 1,000 over the 1985 annual refugee plan. An additional 4,000 privately sponsored refugees are expected in 1986, and projected landings of 4,000 to 7,000 persons admitted under special humanitarian measures are also included in the 1986 level.

Canada welcoming, continued on page 4

1986 IMMIGRATION LEVEL AND COMPONENTS

Family Class	45,000
Refugees and members of Designated Classes	16,000*
Persons admitted on humanitarian grounds under special measures	4,000 - 7,000
Assisted Relatives and other Independent immigrants:	
Principal applicants	12,000 - 15,000
Spouses and other dependants	14,000 - 18,000
Business immigrants:	
Principal applicants	4,000
Spouses and other dependants	8,000
Retirees	2,000
Total	105,000 - 115,000

*Includes 12,000 government-assisted and an estimate of up to 4,000 privately sponsored.

Minister, from page 1

duals who comprise our "consultative constituency", and indeed to all who are concerned about immigration matters. I though that this newsletter would provide an ideal vehicle and I encourage you to send in your comments and suggestions.

It has been said many times, but it bears repeating: as Canadians we are all — with the exception of Indians and Inuit — either immigrants or the descendants of immigrants. Our heritages and those of our Native peoples have combined to build our land and enrich our national life. Immigrants put their skills, initiative, and determination to practical use in our open society and this encourages equal opportunities for all.

I am confident that newcomers to Canada will continue to bestow enormous benefits on Canada's economy, society, and culture.

Flora MacDonald.

Flora MacDonald

Minister of State (Immigration), from page 1

deserve the best that can be provided according to the guidelines which Parliament has put in place.

The immigration legislation is necessarily detailed, and there are some aspects of the program which can appear to be quite complex, especially to people who are concerned about individual cases.

I would like to suggest that the solutions to many immigration questions are only a telephone call away — a call to the local Canada Immigration Centre. Immigration officers and counsellors at these centres are delegated, under the Immigration Act and Regulations, to deal with individual cases on a daily basis. They are thoroughly familiar with the detailed provisions of the legislation, and they will be pleased to offer explanations and assistance. What they do require is all the information about a case. Please do not hesitate to provide it. The great majority of questions about individual cases can be resolved at the local Canada Immigration Centre.

If, however, there are special difficulties, the ten regional offices of the Canada Employment and Immigration Commission are also available as resources. There are officials at these regional offices who specialize in various aspects of immigration — selection, enforcement, and settlement, for example — and they too are ready to help provide answers.

Finally, I would like to assure all readers that I am not isolated in an ivory tower. I am here to help. Assistants in my office are always available to try to sort out the exceptional case which — through no one's fault — cannot seem to be resolved at the local or regional levels. We in Ottawa will also do our best to answer questions or to clarify areas of policy or legislation.

I am confident that this newsletter will also be of assistance in providing up-to-date information about developments in the immigration program. I join with Flora MacDonald in extending a warm welcome to all readers.

Walter F. McLean

PROGRAM AND POLICY NEWS

Reform of refugee determination process to follow Plaut report consultations

Procedures for determining the validity of claims to Convention refugee status by persons already in Canada will be reformed by the federal government following this past summer's special consultations on the report submitted by Rabbi W. Gunther Plaut.

Rabbi Plaut's report, *Refugee determination in Canada*, identified the principle that claimants must be dealt with promptly, fairly, and humanely, and proposed three possible models for an in-Canada claims determination process which would reflect this principle.

There was a backlog of over 14,000 claims in various stages of the determination system when the Plaut report was released in June. Some 1,200 groups and individuals were consulted during July and early August.

Although the federal government introduced interim legislation to deal with the backlog shortly before the House adjourned for the summer in late June, the bill did not receive the needed support from the Opposition which was required for speedy passage.

There has been unequivocal press and public support for Rabbi Plaut's principle that claims should be dealt with promptly, fairly, and humanely. There have also been numerous expressions of concern about abuse of the system by those who are already protected in other countries or whose claims are not well-founded, on the grounds that these abuses thwart efforts to deal quickly and fairly with legitimate claims to protection.

The in-Canada refugee claims determination and appeal procedures now in place were intended to deal with only a few hundred cases per year. Since late 1980, however, a burgeoning volume of claims has clogged the system at all stages, resulting in a current backlog of some 15,000 and resulting in long delays before claims are determined and appeal mechanisms are exhausted.

The present system involves the determination of an in-Canada claim to Convention refugee status by the Minister of Employment and Immigration on the advice of a Refugee Status Advisory Committee. Claims rejected under this procedure are subject to automatic review on compassionate and humanitarian grounds by a Special Review Committee within the CEIC. Appeals to the Immigration Appeal Board, and subsequently to the Federal Court of Canada, are also possible and are often made. There are, therefore, now four distinct stages at which refugee claims may be considered, determined, redetermined, and appealed. A further requirement was introduced in April 1985, when the Supreme Court of Canada ruled that the Immigration Appeal Board (I.A.B.) must provide an oral hearing to all claimants seeking a redetermination.

Despite improvements to the procedures of the Refugee Advisory Committee involving some oral hearings and the implementation of new guidelines, productivity declined owing in large measure to the rejection of fewer claims as "manifestly unfounded" under guidelines approved by a former Minister. The wait for a full hearing before the I.A.B. was averaging one year before the Supreme Court ruling on oral hearings. There are about 1,500 cases in the judicial system which will be referred back to the I.A.B. for an oral hearing.

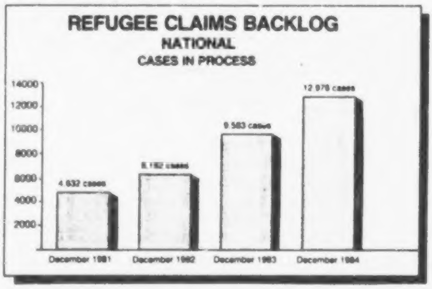
The current system is obviously too elaborate and too slow in view of the increasing volume of claims during the past five years. In 1983, some 6,300 immigration inquiries were adjourned to allow the person concerned to make a refugee claim; in 1984, about 7,200 claims were recorded, and the trend is one of continued growth despite attempts to forestall some manifestly unfounded claims through the imposition of the visitor visa requirement on certain countries.

REFUGEE CLAIMS BACKLOG
Top twenty countries of citizenship

		Estimate of backlog June 30, 1985
1	Guyana	3,976
2	Sri Lanka	2,013
3.	Jamaica	1,387
4.	Iran	1,053
5.	El Salvador	692
6.	Dominican Republic	514
7.	India	512
8.	Haiti	441
9.	Peru	385
10.	Chile	365
11.	Bangladesh	362
12.	Afghanistan	289
13.	Uruguay	249
14.	Guatemala	185
15.	Poland	186
16.	Grenada	180
17	Portugal	141
18.	Argentina	113
19.	Ghana	113
20.	Bolivia	106
Top twenty countries		13,401 (89.3%)
Other countries		1,603 (10.7%)
Total		15,004 (100.0%)

The growth in the refugee claims backlog is shown on the accompanying chart, which indicates that the number of cases in process increased from 4,632 at the end of 1981 to 12,976 late in 1984. (The current backlog is estimated at about 15,000). The accompanying table shows that 20 principal source countries of claimants account for almost 90 per cent of all backlogged claims.

Copies of the Plaut report are available from Public Affairs, Enquiries and Distribution, Canada Employment and Immigration Commission, Ottawa K1A 0J9.

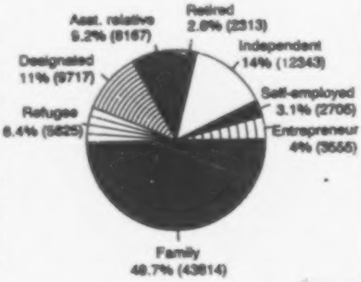


Note: Section 2 of the Immigration Act defines a Convention refugee as follows: "Convention refugee" means any person who, by reason of a well-founded fear of persecution for reasons of race, religion, nationality, membership in a particular social group or political opinion, (a) is outside the country of his nationality and is unable or, by reason of such fear, is unwilling to avail himself of the protection of that country, or (b) not having a country of nationality, is outside the country of his former habitual residence and is unable or, by reason of such fear, is unwilling to return to that country.

TRENDS

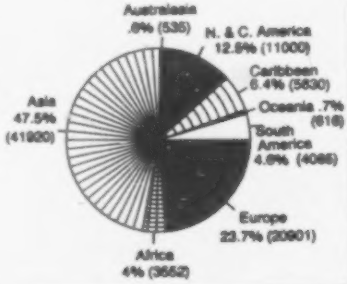
Landings by class, 1984

Members of the Family Class accounted for almost half (49.7 percent) of all immigrant landings in 1984, as shown by the accompanying chart. The second-largest individual category was that of independent immigrants, who accounted for 14 percent of the total, but if the two humanitarian components (Designated Classes at 11 percent, and Convention refugees at 6.4 percent) are grouped together, they would account for 15,342 landings, or 17.4 percent of the movement.



Landings by world area, 1984

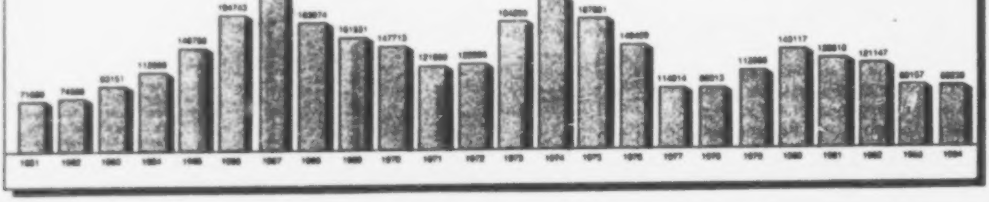
As shown in the accompanying chart, Asia was the principal source area for immigrants in 1984, with 41,920 landings, or 47.5 percent of the total of 88,239. Europe, with 23.7 percent of the movement, was the second most significant source area.



Annual immigrant landings, 1961-1984

The accompanying chart shows that annual landings have fluctuated during the past 24 years from a high of 222,876 in 1967 to a low of 71,689 in 1961. The 88,239 landings in 1984 represent the fourth lowest level during the period, and the second lowest during the past 20 years. The annual average for the period was 136,532.

ANNUAL LANDINGS, 1961-1984



Canada welcoming, from page 2

Funding increases for two settlement programs have been approved — an additional $3 million for the Adjustment Assistance Program for the 1,000 additional government-assisted refugees, and $750,000 more for the Immigrant Settlement and Adaptation Program, under which voluntary agencies under contract to the Canada Employment and Immigration Commission provide services for new arrivals.

A revised selection system for Assisted Relatives and other Independent immigrants is expected to result in 12,000 to 15,000 landings of principal applicants in these categories in 1986, plus 14,000 to 18,000 spouses and other accompanying dependants.

The new investor category of business immigrants is expected to attract successful business persons with proven track records and substantial net worth, who are willing and able to make large and irrevocable investments for at least three years in specified activities which will contribute to the creation or continuation of employment opportunities for Canadians.

The investor category, along with the entrepreneur and self-employed categories of business immigrants, could account for up to 4,000 principal applicants — almost double the 1985 level — and 8,000 spouses and other accompanying dependants.

The new measures for Assisted Relatives and other Independent immigrants involve lifting the restriction on "selected workers" which was introduced in May 1982. The restriction specified that these immigrants had to obtain a job offer approved by a Canada Employment Centre in order to be eligible to come to Canada. Under

Canada welcoming, continued on page 6

An interview with Michelle Falardeau-Ramsay, Q.C.

Michelle Falardeau-Ramsay, Chairman, Immigration Appeal Board

The Charter of Rights and Freedoms is having a significant impact on many aspects of the practices of public policy in Canada, including immigration. A recent example is the Supreme Court's decision concerning the provisions of the Immigration Act governing the redetermination of refugee claims by the Immigration Appeal Board. The Chairman of the Appeal Board was interviewed recently about the implications of this decision.

• • •

Q. Mrs. Falardeau-Ramsay, we know that the Supreme Court of Canada decision rendered last April in the Singh case has meant the addition of a substantial workload to the Immigration Appeal Board. Statistics aside, I would like you to outline some of the implications of this decision for the refugee determination process at the Board level.

A. Long before the Singh case was argued, it was generally felt by the people involved in refugee matters that the refugee determination process was deficient in that it did not provide every claimant with an opportunity to be heard by the decision-maker. In fact, the majority of claimants had their claims dismissed on the basis of a paper review only. According to the then-existing Canadian laws, they would be granted a hearing only if the Board felt that there were reasonable grounds to believe that they could establish their claim at such a hearing.

As a result of the Singh decision, the Board now hears every refugee claim which is properly submitted to it. And when I say the Board hears, I mean this in the context of an oral hearing where the parties are represented and are given every right generally recognized by our judicial system. It also appears that the Board may soon hear claims to Convention refugee status made outside an immigration inquiry. It used to be that refugee claims had to be made during such an inquiry if the claimant later desired access to the redetermination process in front of the Board. These claims are commonly referred to as "in status" and "out of status" claims. At least one decision of the Federal Court's Trial Division has abolished this difference and has given the same rights to a claimant who had made a claim outside an inquiry. That is the Tonato case, and it was decided on the basis of the Charter of Rights as well.

Q. Will the Supreme Court decision in the Singh case have positive results?

A. In my opinion, the Supreme Court decision will have very positive effects on refugee law in Canada. The need for an oral hearing is obviously a great improvement. But I think that the substance and quality of the decisions will also be improved. Before the Singh decision, many Board decisions were challenged because of the system itself. For instance, the Federal Court would sometimes send a decision back to the Board for a fresh redetermination on the basis that it had applied the wrong test in deciding whether or not to allow a claim to proceed to an oral hearing. Sometimes decisions of the Board would be quashed because of a question of judicial notice or because of the obvious difficulties in assessing the credibility of a claimant on paper. The effect was that everyone became more concerned with the procedures themselves, rather than with the definition of "Convention refugee" and the interpretation of its various parts. There is a need to develop refugee law in Canada, and the requirement of an oral hearing is certainly the most positive step in this direction. The quality of representations is bound to get better and to shift away from procedural concerns.

Q. Do you foresee further challenges to the Immigration Act on the basis of the Canadian Charter of Rights and Freedoms?

A. Many laws are now being tested on the basis of the Charter. The Immigration Act is no exception. In my opinion, section 15 of the Charter, which came into force last April, will find its way into many arguments before the Board. We have already had such cases where section 15 was argued. In one instance, section 79 of the Act was challenged on the basis that only a Canadian citizen could file an appeal from the refusal of an application for landing which he or she had sponsored. It was argued that this violates section 15 of the Charter since it discriminates against permanent residents, who are not given the same right of appeal, even though they are given the same rights as a Canadian citizen to sponsor.

In another case, the appellant submitted that the refusal of an application for landing on medical grounds violates section 15 of the Charter because it discriminates against those who have a medical disability. In one case, the regulations which permit the sponsorship of children as long as they are under a certain age were also attacked on the basis of section 15.

The decisions in these cases are pending, so I will not go into their merits. I can tell you, however, that there are many other related issues which arise from such Charter arguments. For instance, the Board has yet to decide whether the Charter has any extra-territorial effect, that is, whether it may apply to someone outside Canada. The Singh decision appears to leave room for further discussion of this issue. Another issue to be resolved is whether section 15 would apply in cases where the application for landing was refused before this section came into force.

Assuming that the Board found that a section of the Charter had been infringed and that this infringement could not be demonstrably justified in a free and democratic society, there is still the problem of Charter remedies available to the Board in a particular case.

RESEARCH AND PUBLICATIONS

Every year, the Canada Employment and Immigration Commission (CEIC) publishes several reports on various aspects of the immigration program. Recent publications will be listed regularly in *IMMIGRATION*. They may be ordered from Public Affairs, Enquiries and Distribution, Canada Employment and Immigration Commission, Ottawa, Canada K1A 0J9. Enquiries about the other publications listed below should be directed to the sources indicated.

CEIC PUBLICATIONS

Refugee Perspectives, 1985-1986.

1984-1985 Annual Report.

Refugee determination in Canada. A report to the Honourable Flora MacDonald, Minister of Employment and Immigration, by W. Gunther Plaut.

Annual Report to Parliament on Future Immigration Levels.

Social and Humanitarian Aspects of Immigration. Report of a meeting for academics and officials of Employment and Immigration Canada. Howard Adelman, Chairman.

Report from the Meeting on the Labour Market Aspects of Immigration. William L. Marr, Chairman.

Demographic Aspects of Immigration. Report on a meeting for academics and officials of Employment and Immigration Canada. Jacques Henripin, Chairman.

Temporary Workers in Canada: Expanding Research Horizons, by Monica Boyd (Department of Sociology and Anthropology, Carleton University), and Chris Taylor (Director, Immigration Policy Development, CEIC). Paper presented to the "Labour Migration in Comparative Perspective" section at the annual meeting of the Population Association of America; Boston, March 1985.

The Role of Immigration in Determining Canada's Eventual Population Size. Policy and Program Development Branch, CEIC.

Immigration and Unemployment in Canada, by T.J. Samuel, Strategic Policy and Planning Division, CEIC.

Planning Environment Assessment Document. Strategic Policy and Planning Division, CEIC; November 1984.

OTHER PUBLICATIONS

Population Projections for Canada, Provinces and Territories, 1984-2006. Publication 91-520, Statistics Canada.

Emigration from Canada, by Carol Vlassoff (Associate Director, Population and Development Research, Social Sciences Division, International Development Research Centre). Paper produced for the Strategic Policy and Planning Division, CEIC.

Towards a Population Policy for Canada. Past and present policy development in the field of Canadian immigration and population, by Freda Hawkins, Apt. 11-G, 20 Prince Arthur Avenue, Toronto, Ontario M5R 1B1. Paper prepared for meeting of the Canadian Population Society; Montreal, May-June 1985.

Canada welcoming, from page 4

the new system, arranged employment is no longer a prerequisite for admission. Immigrants assessed against the economic selection criteria and destined to about 100 "open" occupations will be able to come to Canada if they satisfy the revised selection criteria.

Assisted Relatives — persons with relatives already in Canada who are not part of the nuclear family — will benefit from a "ten-point bonus" in the selection system provided their relatives in Canada submit an undertaking of assistance on their behalf.

The report emphasizes that the federal government "does not accept the popular misconception that immigrants take jobs away from Canadians." It points out that immigrants "contribute to economic growth by augmenting capital formation, expanding consumer demand for Canadian goods and services, and bringing needed skills and energies to Canada's labour market."

The moderate, controlled increases in immigration announced in the report follow a year-long immigration review involving the broadest consultations in a decade. In addition to provincial and territorial governments, a range of non-governmental organizations were invited to submit their views on future immigration. These groups included employer, employee, professional, ethnocultural, and refugee advocacy and aid organizations.

The consensus which emerged from the review favoured a moderate, controlled increase in immigration levels, as signalled in a special Report to Parliament which was tabled in June, 1985, by the Honourable Flora MacDonald, Minister of Employment and Immigration.

The immigration levels for 1986 and 1987 are also intended to forestall a decline in the Canadian population which is projected to begin shortly after the turn of the century if current levels of fertility and net immigration had been maintained. The economic, social, and demographic implications of linking immigration levels to Canada's future population size and age structure are being examined in depth by a special assessment directed by the Honourable Jake Epp, Minister of National Health and Welfare.

Copies of the immigration levels report, and of separate documents covering the revised business immigration program and the changes to the selection system, are available from Public Affairs, Enquiries and Distribution, Canada Employment and Immigration Commission, Ottawa K1A 0J9.

IMMIGRATION is a free newsletter published by the Canada Employment and Immigration Commission to provide information about Canada's immigration program and related topics. Persons wishing to be included on the mailing list should send their name and address to Public Affairs, Enquiries and Distribution, Employment and Immigration Canada, Ottawa, Canada K1A 0J9.

Comments and suggestions are welcome. The opinions in this newsletter do not necessarily reflect the views of the Canada Employment and Immigration Commission.

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CEIC: WH-5-080

Employment and Immigration Canada
Emploi et Immigration Canada

The revised selection criteria for independent immigrants

1985

Canada

This document is intended to set out in some detail the provisions of the revised selection criteria for independent immigrants to Canada, which will come into effect on January 1, 1986.

Universal selection criteria against which potential independent immigrants are assessed were first introduced in 1967. The selection criteria (or "points system") have been revised in the past, most notably in 1974 and 1978, to ensure that they reflect Canada's current economic outlook while continuing to respect the principles of universality and non-discrimination supported by all political parties and by Canadians of good will--principles which were enshrined in the new Immigration Act which came into effect in April, 1978.

The revisions announced in this document are also consistent with these principles, and are intended to meet the challenges of today and of the immediate future. They will be administered in support of the federal government's determination respecting immigration levels and components for the immediate future, details of which are set out in the Annual Report to Parliament on Future Immigration Levels.

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I. REVISING THE IMMIGRANT SELECTION CRITERIA

The Need for Change

The first phase of a general review of immigration levels culminated with the release on June 27, 1985, of a special Report to Parliament, which was preceded and followed by broad consultations with provincial and territorial governments and with a wide range of non-governmental organizations representing ethnocultural, employer, employee, professional, academic, and refugee interests. This report, copies of which are available on request, signalled the federal government's intention to increase immigration levels in a moderate and controlled fashion in the near future. The report identified the chief cause of recent declines in total immigration as a restriction on selected workers* which was imposed on May 1, 1982, in response to employment difficulties associated with the economic downturn which began in late 1981. This restriction specified that applicants selected against economic criteria have some form of arranged employment in positions which could not be filled from within Canada in order to be processed. The result of the restriction was a decline in selected worker landings from 21,000 in 1981 to 6,500 in 1984.

Total immigrant landings had, as a result, also fallen in recent years, from 143,000 in 1980 to just over 88,000 in 1984. In addition to this effect of the selected worker restriction, Family Class landings were beginning to fall because there were fewer independent immigrants to sponsor their close relatives who were still abroad, and because the economic recession curtailed the ability of some Canadian citizens and permanent residents to enter into sponsorship undertakings.

The federal government, responding to the views expressed by a representative range of other governments and of groups in the private and voluntary sectors, has concluded that the immigration program should support a

*Selected workers are defined as principal applicants destined to the labour force in the Independent categories, excluding entrepreneurs, self-employed persons, and retirees, who are not admitted under special humanitarian measures.

balance among the family reunion, humanitarian, and economic streams of the movement. The restriction on independent immigrants had resulted in the curtailment of intake in the economic stream, which includes workers from abroad both with and without relatives already in Canada. The general decline in total immigration was also a cause for concern on demographic grounds, since projections indicate that, if both fertility and net immigration were to continue at their current low levels, Canada would begin to experience the onset of population decline shortly after the turn of the century and--in the case of some provinces--even before that date.

While the demographic aspects of immigration will be the subject of a separate assessment, changes must now be introduced to the immigrant selection criteria to redress the imbalance among the three main components of the immigration movement. The sound economic and social reasons for this change in direction are spelled out in detail in the June 27 report, and have been confirmed in subsequent consultations. Further changes could be introduced following the demographic assessment.

The social reasons for reversing the recent trend are grounded in the realization that the movement of Assisted Relatives has almost been cut off, since these immigrants (brothers, sisters, sons and daughters over 21, aunts, uncles, nephews, and nieces) are not by definition members of the Family Class, but are instead assessed against the criteria in the selection system. The economic reasons for expanding the intake of selected workers--both with and without relatives in Canada--are based on an examination of the costs and benefits of immigration. Academic experts thought, for example, that a moderate increase in selected workers in the near future would not result in significant dislocation for Canadian workers, since the need for these workers was beginning to exceed the small intakes experienced under the terms of the May, 1982, restriction. It was also emphasized that there appears to be some relationship between selected-worker immigration and longer-term economic growth. ?

Guiding Principles

The revisions being announced in this document may be seen as the latest in a series of ongoing measures which ensure that newcomers to Canada are selected against criteria which mirror the economic and social requirements of the day, in particular the current needs of the labour market. At the same time, it has been necessary to introduce new elements into the system, and, at the same time, to maintain the universality of the program and the non-discriminatory principles set out in section 3 of the Immigration Act.

Five principles, or premises, were identified to guide the development of the changes required in the selection criteria:

1. Levels control: The criteria should support the decisions of the federal government respecting the size and composition of future immigration levels.

2. Equity of access: All applicants are to be assessed against the same criteria and will be required to satisfy the same pass mark.

3. Preference for relatives: There should continue to be a preference accorded to applicants with relatives already in Canada who are prepared to guarantee ongoing support until the new arrivals are self-sufficient.

4. Occupational control: Occupational groups for which applicants would be eligible should be identified to ensure that Canada's labour market needs are met.

5. Public understanding: The changes to the selection criteria should be clear and understandable to the Canadian public, potential applicants abroad, and those who are responsible for administering the immigration program.

II. THE REVISED CRITERIA: A COMPARATIVE PRESENTATION

The revised immigrant selection criteria, which come into effect on January 1, 1986, are shown in the following table alongside the previous criteria, which came into force in April, 1978. The following discussion compares the previous and revised immigrant selection criteria according to the factors for which units of assessment may be awarded.

Education, Specific Vocational Preparation, and Experience

These factors combine to make up a possible maximum of 35 units of assessment under both the previous and the revised systems. They have not been changed because they each continue to contribute to the selection of qualified and motivated immigrants.

Occupation and Arranged Employment

These factors are obviously linked in a direct way to the needs of Canada's labour market. Two adjustments are being made. First, the maximum number of units of assessment which may be awarded for Occupation has been reduced to 10 from 15. The previous system had relied upon an Occupational and Area Demand Report for the control of both the occupational composition and the total volume of the flow, which it could not do effectively. A new element has, therefore, been introduced: the Levels Control factor, which will, in a direct and practical way, facilitate control of the volume. The Occupation factor will thus be used primarily to control the composition of the movement. At least one unit of assessment will continue to be required for an application to be processed.

Under the previous system, 10 units of assessment were awarded to other Independent immigrants, but not to Assisted Relatives, for having some form of arranged employment in Canada at the time the application for immigration is processed. Ten units of assessment were deducted from both other Independent immigrants and from Assisted Relatives if the applicant lacked arranged

SELECTION CRITERIA FOR INDEPENDENT IMMIGRANTS

	Units of Assessment	
Factor	Previous	Revised
Education	12 maximum	12 maximum: no change
Specific Vocational Preparation	15 maximum	15 maximum: no change
Experience	8 maximum	8 maximum: no change
Occupation	15 maximum: "0" an automatic processing bar	10 maximum: "0" an automatic processing bar
Arranged Employment	10: 10 unit penalty if not obtained	10: no penalty if not obtained
Location	5 maximum 5 unit penalty if designated as not in need	eliminated
Age	10 maximum: 10 units if 18 to 35 years. If over 35, one unit subtracted for each year up to 45	10 maximum: 10 units if 21 to 44 years. Two units subtracted per year if under 21 or over 44
Knowledge of French and English	10 maximum: Five units to a person who reads, writes, and speaks English or French fluently; 10 units if fluent in both languages	15 maximum: up to 15 units for fluency in official language(s)
Personal Suitability	10 maximum	10 maximum: no change
Levels Control	N/A	10 units maximum: set at 5 to start
Relative	5	eliminated
TOTAL	100	100
PASS MARK	50	70
Bonus for Assisted Relative Applicants	15-30	10 if accompanied by an undertaking of assistance

employment. Under the revised system, 10 units of assessment are awarded to both Assisted Relatives and other Independent immigrants for having arranged employment, but the penalty is eliminated because the volume and composition of the flow will be controlled in other ways. It should be noted that the revised system will benefit Assisted Relatives, who were formally subject to the ten-unit penalty although they were not awarded any units under this factor.

Location

This factor is eliminated under the revised system. It has not been operative for a number of years, since immigrants are free to settle where they please on arrival, and to move from one place in Canada to another whenever they choose.

Age

The age factor is being broadened from 18 to 35 in the previous system to 21 to 44 in the revised system. Analysis indicates that the largest family sizes are in the latter age group; this change will thus result in a greater demographic impact.

Personal Suitability

- A visa officer makes an evaluation of each applicant's adaptability, motivation, initiative, resourcefulness, and other similar qualities which enhance the prospects for successful establishment in Canada. There has been no change made to this factor, under which a maximum of 10 units of assessment may be awarded.

Language Knowledge

There has been a significant amount of persuasive evidence that there is a strong correlation between successful adaptation and knowledge of one of Canada's officials languages. The maximum number of units of assessment for this factor has, therefore, been raised from 10 to 15.

Levels Control

This factor is being introduced into the selection criteria for the first time to help ensure that actual immigrant landings are numerically consistent with announced future immigration levels as determined by the federal government. From 0 to 10 units of assessment will be awarded to all applicants. A single numerical value is chosen for this factor. Such a value may be adjusted upward or downward from time to time.

Applications will be monitored by the Commission and will be used to derive projections of immigrant landings, after which the value for this factor will be adjusted, if necessary, to increase or decrease the number of applicants who could satisfy the requirements of the selection criteria. The value of this factor will be set at five units of assessment beginning January 1, 1986.

Kinship Bonus

Under the previous system, five units of assessment were awarded to independent applicants with relatives in Canada, and from 15 to 30 units were awarded to Assisted Relatives depending upon the relationship of the applicant to the guarantor and the citizenship status of the guarantor, who was required to submit an undertaking of assistance for the relative from abroad. Assisted Relatives were not, however, awarded any units of assessment for arranged employment, nor for some other economic factors which reflect the ability to become self-sufficient, yet these immigrants--who establish separate households--were required to meet the Occupational Demand requirement. This anomaly is being corrected. Both the five units for independent applicants and the 15 to 30 units for Assisted Relatives are being eliminated. In their stead, a bonus of 10 units of assessment will be awarded to all applicants with relatives in Canada who are willing and have the ability to become guarantors by submitting an undertaking of assistance. Distinctions based on the degree of kinship and on citizenship status have also been eliminated. In this simplified way, some preference will be given to applicants with relatives in Canada.

Total and Pass Mark

Under both the previous and revised systems, the maximum number of units of assessment which may be awarded is 100. The pass mark under the previous system was 50; the pass mark under the revised system is 70. The higher pass mark will help to ensure the selection of highly qualified applicants and will assist in making actual landings consistent with the level identified by the federal government. The 10-unit bonus for applicants with relatives in Canada will mean that they will need a minimum of 60 units of assessment to be successful, provided that they--like applicants without relatives--are awarded at least one unit of assessment under the Occupational Demand factor.

III. IMPLICATIONS FOR FUTURE IMMIGRATION LEVELS

The adjustments to the immigrant selection criteria announced in this document are intended to respond to four current needs. First, they will provide some opportunity for independent applicants--including but not limited to those with relatives in Canada--to come to this country. Second, they will support current and projected economic development requirements, particularly the needs of Canada's labour market. Third, they will help to restore some balance among the chief components of the immigration movement by strengthening the economic stream, which has declined sharply in recent years both in terms of absolute numbers and in relation to the other main portions of the movement (family reunion and humanitarian). Fourth, they will provide a short-term method of helping to forestall projected population decline, pending the results of the comprehensive assessment of the linkage between immigration levels and Canada's future population size, rate of growth, and composition.

The changes announced in this report, and any further changes, would--as has been pointed out earlier in this document--be consistent with the purpose of the system itself--to provide an objective, universal, and non-discriminatory method of selecting the numbers and types of immigrants who will contribute to Canada's economic and social development. This rationale has also promoted the adjustments to the system which have been made in the past, particularly in 1974 and 1978. No system can--or should--be cast in stone.

The present changes to the system will also be the subject of careful monitoring and analysis within the Commission, to provide both a method of ongoing assessment and a basis for simulating, by computer, the actual effects of these changes and of any future adjustments which may be considered. The selection criteria should, therefore, be considered as open to further adjustment based upon ongoing research, monitoring, and analysis, and upon the evolving requirements of Canada's economy, society, and demography.

Appendix 1

THE OCCUPATION FACTOR

The occupation factor in the immigrant selection criteria is used to identify occupations in which selected immigrant workers are admitted to Canada. The occupational identification process is based upon the assignment of units of assessment ("points") at the four-digit level (as set out in the Canadian Classification and Dictionary of Occupations). The units range from zero to ten according to planned volumes of selected immigrant worker intake. The assignment of zero units constitutes an automatic processing bar, meaning that the applicant is ineligible for admission and the application cannot be further considered unless the applicant has some form of arranged employment.

The approach used to establish the occupational composition of the selected immigrant worker category for 1986 is based primarily on information from the Canadian Occupational Projection System. The following framework has been used to determine eligible or "open" occupations:

1. Exclusions: The first types of occupations excluded from the eligible list are those for which there are citizenship or residency requirements, those where staffing is usually completed by promotion (for example, supervisor and foreman positions), certain groups whose specific vocational preparation and general educational development ratings are low, and other groups whose exclusion is justifiable for policy reasons (for example, physicians and surgeons.)

2. Labour Market Considerations: These considerations, at the four-digit occupational group level, are based upon an examination of the current and projected employment base as well as upon an indicator of occupational surplus. The current employment base and projected requirements, both in total and for each specific occupational group, are examined. If the employment stock for a particular occupation is judged to be too small to absorb a significant number of immigrants, the occupation is either removed from the eligible list or aggregated with other groups. The occupational surplus indicator is derived through relating the number of unemployed in an occupation to the occupation's current employment base. An occupational group is eliminated from the "open" list if its surplus indicator lies beyond a set level.

As a result of this framework, about 100 occupations--most of which require higher skills--are have been identified. The mix of skills is consistent with the pattern of skill demand registered with the National Job Bank, and with the historical occupational composition of immigrants with arranged employment.

The list of "open" occupations and the number of units of assessment assigned to each will be specified in the Immigration Manual, which is available for reference to persons wishing to have this information. The list of occupations will be reviewed quarterly.

Appendix 2

THE EVOLUTION OF THE IMMIGRANT SELECTION CRITERIA

The system for the selection of independent workers implemented in 1967 was in response to the 1966 White Paper recommendation to better co-ordinate the immigration program and labour market considerations. The new Regulations introduced a selection system which began to give some rational shape to the immigrant worker movement.

The selection factors and units of assessment ("points") in 1967 are shown on the accompanying chart.

With weighted selection factors, it was hoped that totalling the units of assessment awarded for each of the factors would indicate, within reasonable limits, the likelihood of most applicants' success or failure in becoming established in Canada. It was recognized, however, that it was impossible to cover every eventuality, and that the Regulations should contain a mechanism for dealing with the exceptional case. Accordingly, when a selection officer was satisfied there were significant circumstances affecting an applicant's prospects that had not been reflected in the assessment, he was authorized, subject to the concurrence of a senior officer, to accept or reject the application irrespective of the number of units of assessment which may have been awarded.

Nominated Relatives were identified as a separate class of immigrants, distinct from Sponsored (family) and Independent immigrants. While it was recognized that these relatives should be given some form of preference within the selection criteria, it was also recognized that Nominated Relatives were, by and large, establishing separate households and were destined to the labour market, unlike members of the Sponsored class; consequently, it was concluded that some form of labour market test should be applied.

SUMMARY OF SELECTION FACTORS

1967

INDEPENDENT APPLICANTS

Long-Term Factors	Units of Assessment
Education and Training	0 - 20
Personal Qualities	0 - 15
Occupational Demand	0 - 15
Occupational Skill	1 - 10
Age	0 - 10
Short-Term Factors	
Arranged Employment	0 or 10
Knowledge of Official Language(s)	0 - 10
Relative in Canada	0 or 3 or 5
Area of Destination	0 - 5
Potential maximum	100

NOMINATED RELATIVES

Long-term factors (as for independent applicants)	1 - 70
Short-term settlement arrangements provided by relative in Canada	15, 20, 25, or 30
Potential maximum	100

Notes:

1. Independent applicants and Nominated Relatives, to qualify for selection, must normally earn 50 or more of the potential 100 units of assessment.

2. In unusual cases, selection officers may accept or reject an Independent applicant or Nominated Relative notwithstanding the actual number of units of assessment awarded.

3. Entrepreneurs are assessed in the same way as Independent applicants, except that they receive an automatic 25 units of assessment in lieu of any units they might have received for Occupational Demand and Occupational Skill.

4. Relatives who may be nominated by Canadian residents are

   (a) any son or daughter of that person twenty-one years of age or over;

   (b) any married son or daughter of that person under twenty-one years of age;

   (c) any brother or sister of that person;

   (d) the father, mother, grandfather or grandmother, of that person under sixty years of age; and

   (e) any nephew, niece, uncle, aunt, grandson, or granddaughter of that person.

Under the selection criteria introduced in 1967, none of the selection factors was conclusive evidence, in itself, of an applicant's selectability or non-selectability. An applicant might well receive no units for one or even several factors, but nevertheless be selected if a total of 50 or more units were awarded for other factors. This reflected the view that an applicant who received a good general rating should eventually be able to settle successfully, notwithstanding deficiencies in particular attributes or qualifications.

Regulatory Changes, 1974

The appearance of certain anomalies in the selection system led, in February, 1974, to an amendment of the Regulations which was intended to correct two problems at opposite ends of the spectrum: on the one hand, some classes of workers much in demand in Canada were not receiving enough units to be selected, while on the other, some workers were receiving ample units although their job prospects in Canada were extremely poor. The answer to the problem of under-assessment was to add an alternative to one of the short-term criteria (Designated Occupation), so that units could be awarded where it was not possible previously. The second problem (over-assessment) was attacked by requiring that an applicant either receive at least one unit for Occupational Demand of be awarded 10 units of assessment for Arranged Employment or Designated Occupation. This was a departure from an original principle that no one selection factor should be conclusive.

Changes to the Regulations effective February, 1974, required that Nominated Relatives also be awarded at least one unit for Occupational Demand, or be proceeding to arranged employment or to a designated occupation for which 10 units of assessment would have been awarded to an independent applicant. This provision was intended to better match Nominated Relatives to labour market needs.

Because circumstances then were making it more important than ever to ensure that the employment prospects of immigrants were satisfactory, a further change in the Regulations was made in October, 1974. This adjustment stipulated that, from the total units awarded either an Independent or a Nominated applicant, 10 would be deducted unless the applicant showed evidence of bona fide arranged employment, or was destined to a job where persistent regional shortages were known to exist (i.e., to a Designated Occupation). The applicant would receive credit for arranged employment only when it had been established by a Canada Manpower Centre (CMC) that no Canadian citizen or landed immigrant (permanent resident) was available to fill the vacancy. This process is commonly referred to as validation.

The selection system in 1974 is shown on the accompanying chart.

SUMMARY OF SELECTION FACTORS

1974

INDEPENDENT APPLICANTS

Long-Term Factors	Units of Assessment
Education and Training	0 - 20
Personal Qualities	0 - 15
Occupational Demand	0 - 15
Occupational Skill	1 - 10
Age	0 - 10
Short-Term Factors	
Arranged Employment	0 or 10
Knowledge of Official Language(s)	0 - 10
Relative in Canada	0 or 3 or 5
Area of Destination	0 - 5
Potential maximum	100

NOMINATED RELATIVES

Long-term factors (as for independent applicants)	1 - 70
Short-term settlement arrangements provided by relative in Canada	15, 20, 25 or 30
Potential maximum	100

SPONSORED DEPENDENTS

Close relative in Canada willing to take responsibility for care and maintenance	Units of assessment not required

Notes:

1. Independent applicants and Nominated Relatives, to qualify for selection, must normally earn 50 or more of the potential 100 units of assessment. (In addition, they must have received at least one unit for Occupational Demand or be destined to arranged employment or a designated occupation, effective February, 1974).
2. In unusual cases, selection officers may accept or reject an Independent applicant or Nominated Relative notwithstanding the actual number of units of assessment awarded.
3. Entrepreneurs are assessed in the same way as Independent applicants, except that they receive an automatic 25 units of assessment in lieu of any units they might have received for Occupational Demand and Occupational Skill.
4. Designated Occupation was added in February, 1974.
5. In October, 1974 a Regulation change stipulated that, from the total units awarded either an Independent or Nominated applicant, 10 units would be deducted unless the applicant was awarded units for Arranged Employment or Designated Occupation.

The New Immigration Regulations, 1978

A new set of selection criteria was put in place with the implementation of the new Immigration Act on April 10, 1978. Under the new Act, the former Nominated class became known as the Assisted Relative category, and relatives could only be assisted (sponsored) after they had been assessed as Independent applicants.

Persons who were unsuccessful as Independent applicants but who could be successful with the help of a relative would be advised to have the relative in Canada submit an undertaking on their behalf. The effect of the undertaking would be to reduce the number of units required for selection as well as to eliminate some of the applicable criteria.

The new criteria continued to move away from general attributes to more skill-oriented factors. The focus was on applicants with arranged employment or those who could be directed to specific occupations. As a result, fewer units were assigned for education and more units were assigned for Specific Vocational preparation or for professional or apprenticeship training.

The accompanying table presents the current selection factors.

SUMMARY OF SELECTION FACTORS
1978

INDEPENDENT APPLICANTS

Factor	Range of Units of Assessment which may be Awarded
Education	0 - 12
Specific Vocational Preparation	0 - 15
Experience	0 - 8
Occupational Demand	0 - 15
Arranged Employment or Designated Occupation	0 or 10
Location	5
Age	10
Knowledge of Official Language(s)	0 - 10
Personal Suitability	0 - 10
Relative in Canada	5
Potential Maximum	100
Minimum Required	50

ASSISTED RELATIVES

Factor	
Education	0 - 12
Specific Vocational Preparation	0 - 15
Experience	0 - 8
Occupational Demand	0 - 15
Age	0 - 10
Personal Suitability	0 - 10
Potential Maximum	70
Minimum Required	20-35

Notes:

1. In unusual cases, selection officers may accept or reject an Independent applicant or Assisted Relative notwithstanding the actual number of units of assessment awarded.

2. As of May 1, 1982 applicants must receive units of assessment for Arranged Employment or Designated Occupation to be accepted.

3. Self-Employed and Entrepreneur applicants are assessed under the same criteria as Independents except for the Arranged Employment factor, and, in the case of Entrepreneurs, the Occupational Demand factor.

With the new Act, the Minister became charged with the responsibility of announcing, each fall, planned future immigration levels. On April 11, 1979, when it became apparent that the announced level would not be met, the 10-unit penalty for lack of Arranged Employment was lifted. It resulted in an immediate influx of applications and required the reimposition of the penalty on September 27, 1979. This factor was thus unsuccessful as a volume control measure.

On May 1, 1982, a temporary restriction on selected workers was announced in response to the unemployment resulting from the economic downturn. The restriction specifies that only applicants with arranged employment are eligible for admission. The restriction has had a dramatic impact on the volume of the selected worker portion of the movement. The practical effect has been to render the selection criteria inoperative except for applicants with arranged employment.

Representative SCHEUER. Well, thank you very, very much, Professor Graham, and I continue my frustration that every single chair up here isn't filled with a Congressman from this committee to hear your brilliant testimony.

I am not going to ask you any questions now. I'm going to let Mike Teitelbaum testify and then I will have some questions for the two of you and hopefully there will be some interplay between the two of you.

Mr. Michael Teitelbaum is program officer for the Alfred P. Sloan Foundation. Previously, he was with the Carnegie Endowment for International Peace as senior associate, and with the Ford Foundation as program officer with responsibility for immigration and refugee policy.

In 1978, Mr. Teitelbaum was staff director of the Select Committee on Population which I had the privilege to chair. He was responsible for a whole yearlong set of hearings that historically stand out as brilliant hearings and he directed the writing and the publication of five major reports on every aspect of our demographic problems that are part of the classical literature of the 20th century demography.

His publications include "Latin Migration North: The Problem for U.S. Foreign Policy," published just last year. He holds a doctor of philosophy from Oxford University and before I introduce Mr. Teitelbaum I am going off the record for just a moment.

[Discussion off the record.]

Representative SCHEUER. Mr. Teitelbaum, your testimony will be printed in the record in full, so please proceed as Mr. Graham did and chat with us for 10 or 12 minutes and then I'm sure we will have some questions for both of you.

STATEMENT OF MICHAEL S. TEITELBAUM, PROGRAM OFFICER, ALFRED P. SLOAN FOUNDATION

Mr. TEITELBAUM. Thank you, Mr. Chairman, for those kind words. I'm sure that my parents have a much more measured view than our chairman does, and a much more realistic view.

It's a great pleasure for me to be back on the Hill, among the bright lights and the interesting people and interesting discussions. I should say that it was indeed as staff director of the Select Committee on Population that I learned for the first time about the question of international migration. Like most professional demographers, I was almost wholly ignorant of international migration issues. This subject has been, and continues to be, a relatively low priority issue among demographers, though interest is growing. I was forced by the numbers, by reality, to learn something about it, and it's been a fascinating experience.

I would also like to complain, Mr. Chairman, that not only do I have to follow Governor Lamm, who is an impossible act to follow—as his political opponents in Colorado will testify—but Mr. Graham is just as difficult to follow and gave us a splendid summary of historical myths and historical evidence. As a sometime dabbler in historical writing, I am a great appreciator of what he had to say to us.

Representative SCHEUER. You have a real grievance on both counts.

Mr. TEITELBAUM. Indeed I do.

Now, Mr. Chairman, your staff asked me to discuss both the economic and the noneconomic effects of recent immigration patterns in the United States. Let me begin by saying that on these subjects there are clear limitations to our knowledge, because a full understanding of the economic and noneconomic impacts in immigration would require far more understanding of the complex dynamics of our economic and political systems than anyone possesses.

But let me say very quickly that this is no recipe for inaction or delay. We do know a good deal more about the effects of immigration than we do about the effects of tax law or foreign policy alternatives or many other issues on which the Congress makes policy—must make policy—every day.

In this respect, I would note that delay is the fundamental strategy of that assemblage of opponents of immigration reform. They cannot defeat immigration reform, so they delay, they stretch it out. It is, and has been, a death of a thousand cuts. You, Mr. Chairman, and the members of your committee are all by definition political professionals, so I think I could say here that this strategy of delay has been highly successful so far.

Now having said this, what do we know about the economic and noneconomic effects of current immigration to the United States? I want to discuss four aspects on the economic side: the macroeconomic effects, the microeconomic effects both in terms of short-term and long-term implications, effects on productivity, and effects on labor force size.

The macroeffects of immigration really depend, in the conventional standard consensus of economic theory that prevails in the United States, on the prevailing economic conditions.

If labor is relatively scarce, for example, a time of economic boom when unemployment rates are extraordinarily low, wages are being bid up, and there are labor bottlenecks in the economy, then imported labor can resolve such bottlenecks and restrain inflation. I believe it would be fair to say that this was the contribution of temporary worker importation in West Germany in particular during the economic boom of the 1960's.

If labor, on the other hand, is in relative surplus, for example, periods of economic stagnation, high unemployment, high underemployment, then imported labor may add to total economic output, but it will be expected on theoretical grounds to reduce the economic returns to labor and reduce per capita income growth.

So again, it's a timing phenomenon. You have to decide what the economic circumstances are, rather than generalizing that macroeconomic effects of immigration are always this or always that. This has something to tell us about the past of immigration history in the United States. The United States of the 19th century was the classical labor-poor, resource-rich developing country of that century. The importation of labor, I believe, played an important part in contributing to the economic growth and development of the United States in that period.

But as Mr. Graham and others have said, that has nothing whatever to tell us about the current situation, or about the future.

As to the microeconomic effects, at the levels of the industry, the firm, the region, the individual, here we have effects that can best be described as "distributional." There are clear winners from recent immigration trends, and there are clear losers. The winners are those who employ imported labor, labor that is cheap, available, self-recruiting, hard working, and otherwise highly desirable. The losers are those who are competitors of such employers and employees. As Governor Lamm pointed out, he could put you, Mr. Chairman, out of business with not too much trouble if he could compete in that kind of way. These are competitors who are either unable to exploit such labor because it's not available in the regions in which they are located, or are unwilling to do so for other reasons.

The winners as far as individuals are concerned, are clearly the immigrants. However exploited illegal immigrants may be in the United States by the standards of this country, the fact is that they are extraordinarily well remunerated by the standards of their home country. Otherwise, they would be quite irrational to move from their homeland and their families to an alien land in order to take unattractive employment circumstances.

Also, their supervisors may do well. Supervisory and upper level personnel may be relative winners. The losers, as has already been said, are the native and earlier immigrant workers who have skills and attributes similar to those of the illegal immigrants with whom they find themselves in indirect or direct competition.

Let me note the short-term/long-term point here. Employers who benefit in the short term, Mr. Chairman, may, given the economic incentives—they have low wages to pay, the labor force is readily available—may decide quite rationally not to invest in automation and in labor-saving technologies as their business proceeds. Thereby, they damage the producers of such technologies who otherwise would have benefited from demand for their products. They don't know it, but they are certainly not getting the demand they otherwise would have had. Over the long term, these noninvesting employers may be damaging themselves, in that they find themselves increasingly uncompetitive in an international competitive economy.

On productivity questions, immigration can raise productivity if the immigrants bring with them higher average education and skill levels than those prevailing in the U.S. population. This may well have happened in the 19th century in the United States, and it may be happening now with immigrants from some parts of Asia who come in with engineering degrees and other high levels of skill and energy.

This is why, Mr. Chairman, most other countries other than the United States apply an education or a "needed skills" criterion to would-be immigrants. But such characteristics are not required of the overwhelming bulk of legal immigrants to the United States. I think it's an accident of legislative history that it worked out that way. It was not intended by anybody, and certainly no labor force test is applied to illegal immigrants.

Recent legal and illegal immigrants streams to the United States taken together seem to have lower average education and skill levels than the prevailing domestic resident population. Thus, current recent streams of immigrants taken together seem unlikely, on average, to be contributing to higher productivity.

There's an interesting new debate here about which I can go into in some detail if you want to, Mr. Chairman, but I think for purposes of time I will skip over it.

As to labor force size, it has been argued that there will soon be "labor shortages" in the United States and hence we should encourage increased immigration. This is probably the weakest economic argument of all those deployed in support of the status quo.

First, most American economists would reject in toto the entire notion of a "labor shortage" being a feasible possibility over the long term. If there's an imbalance between labor supply and demand, then wages should rise. This would stimulate both increased labor force participation and capital investment in labor-saving technologies. Theoretically and empirically, the market should clear over the short and medium term. In the immediate year there might be a temporary shortage of labor in a particular industry or sector if there's a boom underway, but long-term, structural labor shortages are not viewed as possible by most American economists.

Moreover, the latest labor force projections from the Bureau of Labor Statistics for the United States show growth in the labor force from about 107 million in 1980 to, depending on your assumption of low or high projection, between 130 and 150 million 20 years later in the year 2000. That's 107 million up to a minimum of 130 million, possibly as many as 150 million. In short, Mr. Chairman, this "labor shortage" argument can be easily dismissed.

Now as to education and social services and the use by immigrants, legal and illegal, of such services, I will be very brief. Simply, such use varies from high to low. Anybody who says it's high across the board is wrong; anybody who says it's low across the board is equally wrong. It depends on the service in question and the immigrant group that's looked at.

Legal immigrants, if they are well educated, make little use of welfare and unemployment benefits. If they are poorly educated, they have high utilization rates. If they are elderly, they make heavy use of Medicaid and other publicly financed benefits. Indeed, this is often the reason for the migration in the first place, to take advantage of those health benefits. If they are young, they make high use of education services but not of Social Security and other age-related services.

Illegal immigrants, if they are low-skilled people with their families accompanying them, make high use of health care, of education services, of welfare benefits. It's hard to measure, Mr. Chairman, as you saw from Governor Lamm's accompanying material. The number of fraudulent documents is very high, and many social service agencies will tell you that they deliberately try to ignore clearly fraudulent documentation because they see people who need services and they want to provide them, and somebody else is paying for it anyway.

With respect to low-skilled people without their families accompanying them, they make low use of education and health care services. They typically are young and reasonably healthy, but apparently make high use of unemployment benefits. Indeed, in California, it's my understanding that there's almost a routine use of unemployment benefits during the offseason in the agricultural sector.

This is a changing terrain, Mr. Chairman. The goal of current litigation pending before various courts is to expand access to public benefits for illegal aliens. There was the recent case having to do with free education in Texas decided by a 5-to-4 decision of the Supreme Court. There is a recent decision in California in which illegal aliens are granted subsidized "resident" levels of tuition at California universities, as distinct from higher levels for U.S. citizens from other States. There are pending suits regarding aid for dependent children and food stamps. Given this, the Congress ought to pay attention to the changing terrain, which is driven mostly by the judiciary rather than by the legislative branch.

Let me move on finally to the political, social, and cultural effects, the noneconomic effects.

I would agree with Mr. Graham that these are probably more important than the economic effects, both in reality and in public perception. They tend to be ignored by economists because they are "unmeasurable," or at least they are not measurable in the economic data. But they are no less real for that, and they have very significant economic implications that are of interest to the Joint Economic Committee.

Some examples, Mr. Chairman. Should illegal aliens be granted political representation in this House? It sounds a silly question. They are here by virtue of violating American law, and have no legal standing to be in the United States. Yet in fact, they have been granted political representation in the House of Representatives, under actions taken by the Carter administration in apparent decisions having to do with the 1980 census. So far, court decisions have not reversed that.

Another question. Should children born in the United States to parents both of whom are illegal aliens—let's say in a border town or in Miami in a profit-making maternity home that does its business with such people—should such a child automatically be granted U.S citizenship?

Representative SCHEUER. Can you tell us what the British policy is on exactly that situation?

Mr. TEITELBAUM. I believe the answer is "no" in Britain, that you do not by any means gain citizenship by virtue of the physical location of your birth.

However, in the United States, it has been assumed that this is the case based on relatively unscrutinized assumptions about the Constitution and the 14th amendment. On this, Mr. Chairman, I would refer you to a very interesting recent book coming out of the Yale Law School which has raised some serious doubts about that assumption, an assumption which I confess I was guilty of making until I read this book. It is a very interesting book by Peter Shuck and Rogers Smith [Peter Schuck and Rogers M. Smith, *Citizenship Without Consent: Illegal Aliens in the American Polity,* New Haven: Yale U. Press, 1985].

Another question. Will Hispanics soon outnumber blacks, as has been claimed? The answer to that, Mr. Chairman, is that unless the numbers of illegal aliens are much higher than most reasonable observers believe them to be currently, then this will happen soon only if illegal immigration is allowed to continue on a large scale through the next 10 or 20 years.

Another question. Should the United States and local areas——

Representative SCHEUER. What you're saying is, putting it the other way, if illegal immigration continues at its current level or increases as a result of the exponential increase in the push pressures, that that will result in the next 10 or 20 years. Unless there are major changes in our immigration policy and our border control policy, that result will eventually happen?

Mr. TEITELBAUM. It would eventually happen unless there was a dramatic shift in the origins of illegal aliens. If you imagined a large-scale flow from parts of Asia swamping the numbers from Latin America, then it would not happen.

Representative SCHEUER. But the continuation of present trends——

Mr. TEITELBAUM. The continuation of present trends would lead eventually, yes, perhaps in 30 years or so, to the number of Hispanics outnumbering the number of blacks, but only with large-scale illegal immigration.

Representative SCHEUER. But only the continuation of the large-scale level of illegal immigration that prevails now?

Mr. TEITELBAUM. Yes, indeed.

Representative SCHEUER. It doesn't postulate any increased level, which many of us think is quite likely without major intervention by our Government.

Mr. TEITELBAUM. If there were an increase, then it would speed up the date at which the crossover would occur.

Representative SCHEUER. Right. But simply a continuation of the current policy or lack of policy and the current uncontrolled flow of illegal immigrants into this country at more or less the current levels, that continued phenomena would achieve the result that you're speaking of in roughly 20 or 25 years?

Mr. TEITELBAUM. That's right, but not as soon as some of the proponents have alleged it would happen, people seeking greater political influence saying, "We will outnumber you blacks very soon"—that is, next year or 5 years from now. It's not going to happen that fast.

Another question that's already been alluded to—should the United States and local areas encourage bilingualism or multilingualism as a human right? Past policies have tended in this direction, but as has been noted there is now a powerful grassroots opposition building, one that is often expressed in highly emotional terms.

Now whatever may be the merit of any of these concerns and positions, the general proposition that immigration policy is relevant to issues of national cohesiveness is a compelling one, made in a compelling way by Governor Lamm, and I will not extend any further on that subject.

In the interest of time, Mr. Chairman, let me move to my conclusions.

Immigration to the United States is of large and apprently growing magnitude. Due to the unintended consequences of past legislation and the obvious incapacity to control illegal immigration which is itself due to the unintended consequences of past legislation that is, the notorious Texas proviso of 1952, the bulk of immigrants now come from Third World countries in Latin America and Asia.

On balance, the evidence is that such immigration is unlikely to contribute to per capita economic growth and productivity, though our understanding of the theoretical and empirical issues involved is limited.

The main economic effects seem to be distributional, involving gains to some firms, industries, regions and individuals, and losses to others. It is not a zero sum game by any means, but there are clear redistributional effects.

The noneconomic effects of immigration may be more powerful than the economic. They involve emotional and divisive issues of political power, of culture, of language, and of social cohesion. These matters are of special relevance when there is substantial Third World immigration into countries experiencing low domestic fertility levels, as is the case in the United States, but not only in the United States by any means. It is also the case in every Western European society, in Canada, in Australia, New Zealand, and in Japan, although there is no immigration allowed into Japan.

There is already much ferment in the United States on these issues, though I think it's fair to say that the debates are still less strident here than they are in Western Europe, where one will pick up quite inflammatory political rhetoric of this type on a daily basis.

These noneconomic issues, in my view, have important economic implications that are worthy of careful scrutiny by this committee.

The ambiguities of theory and data described here are no justification, in my view, for policy inaction. Every day Members of Congress make policy decisions on issues for which there is far weaker evidence. Current immigration policy has been almost universally described as "out of control." The challenge to this body, Mr. Chairman, is whether it can, in the words of Abraham Lincoln, "disenthrall" itself from the control of the small special interests that have to date been successful, very successful, in their efforts to block sensible reforms.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Teitelbaum follows:]

PREPARED STATEMENT OF MICHAEL S. TEITELBAUM

MR. CHAIRMAN, LADIES AND GENTLEMEN:

I am Michael S. Teitelbaum, Program Officer at the Alfred P. Sloan Foundation. By profession I am a demographer, and in that capacity have done extensive research and writing on international migration. From 1977 to 1979, I served as Staff Director of the House Select Committee on Population, ably chaired by Congressman James H. Scheuer. I appear before you today at your invitation and in my personal capacity.

I have been asked, Mr. Chairman, to discuss the economic and non-economic effects of recent immigration patterns in the United States. In preparing this testimony, I have drawn heavily upon a chapter I recently prepared for the 1986 American Assembly.

The first thing that must be said here is an unhappy fact of life surrounding American politics in general: the available evidence on the effects of U.S. immigration has been freely distorted and exaggerated by the many activists and scholar-advocates that have characterized the public debate on immigration policy. This is hardly surprising; most of the opposition to the current policy regime usually derives from its perceived negative consequences, while support for the current situation usually comes from those who find the trends favorable in economic, political, or cultural terms.

The second thing that must be said is that our knowledge on the subject is really quite limited. In part this is attributable to the obvious weakness of our knowledge on immigration _per se_ (as you have heard from other witnesses, we do not even know the gross numbers of immigrants with any accuracy, much less their characteristics and impacts). But the problem is more fundamental than that, given our still limited understanding of the multitude of factors that affect the American economy, and of the critical non-economic elements of American life such as its political system and public culture.

In the interest of coherence, let me discuss three categories of impacts: economic impacts; impacts on education and social service provision; and political, social and cultural effects. To telegraph in advance one of the main conclusions, it will be clear that the available scientific evidence on all of these is often ambiguous, thereby providing ample scope for advocates willing to use evidence selectively for political purposes.

Economic impacts:

It is an unfortunate fact that discussions of the economic impacts of immigration have been heavily influenced by the ideological divisions and arguments that prevail in economics. Consider, for example, the recent embarrassment of a Mr. Beryl Sprinkel, a prominent monetarist and currently Chairman of the Council of Economic Advisors, concerning the simplistic arguments that appeared in an early draft of his Annual Report, in which the unrestricted movement of immigrants was described as analagous to free trade in goods, services, and financial claims. Under this kind of ideological argument, which contrives to ignore the rather fundamental distinction between human beings and their products, exceptionally large numbers of even illegal immigrants could be seen as beneficial to the United States, an interpretation which Mr. Sprinkel subsequently was at pains to refute.

"Macro" impacts: Standard economic theory would see the macro-economic effects of immigration quite differently depending upon whether conditions of relative labor scarcity or surplus prevail, and also depending upon whether the focus is upon the short-to-medium term or the long term. For example, during medium-term periods of economic boom (such as that in West Germany in the 1960s) or wartime distortions (such as those during World War II), the largescale importation of labor from low-wage countries could resolve important bottlenecks in the economy and thereby further real growth. Conversely, during a period of economic stagnation or slow growth, in which unemployment and underemployment rates are high, largescale immigration of low-skill workers from low income countries might lead to higher growth in aggregate but lower growth in per capita gross national product (GNP) and productivity. The returns to labor would be restrained, while profits and other returns to capital might benefit over the short-to-medium term. However, the economic incentives favoring investment in increased productivity would also be reduced, which might thereby exacerbate long-term problems of competitiveness in an increasingly difficult international economy.

"Micro" impacts: At the micro level of the industry, firm, region, and individual, there would be clear winners and clear losers from such a policy. Industries, firms and regions making heavy use of low-wage imported labor would be expected to gain over the short-to-medium term, while those unable or unwilling to employ such labor would be relatively disadvantaged. Thus there would tend to be a gradual shift of economic activity toward sectors with such a low-cost labor supply, to the detriment of those lacking same. Certain labor-intensive industries in which there is substantial international competition from low-income countries (such as the garment industry) would be expected to benefit, or at least to retard the losses incurred from imports. Similar benefits could not be claimed by other industries (such as construction, services, etc.), in which international trade is limited.

At the level of individual workers, such labor importation would be expected to depress wages, weaken labor unions, and displace (either directly or indirectly) some domestic workers, especially of those with skill and other attributes most similar to those of immigrants. There need be no direct job competition between immigrant and native-born workers. Indeed the most significant effects are likely to be those of an indirect character, as when wages or working conditions are depressed below the levels attractive to native workers, or when employers come to prefer an all-immigrant workforce as more compliant and less responsive to unionization efforts. Meanwhile other U.S. workers not in competition with immigrants might experience somewhat higher wages and other benefits.

While the conditions faced by some native workers might tend to deteriorate, those experienced by most immigrants would improve from what they would expect in their homelands (otherwise their migration would be irrational). Thus there might be substantial distributional effects (e.g. away from native and toward immigrant and high-skill native workers) while overall the aggregate economic effects might be of modest magnitude.

Long-term vs. short-term impacts at the micro level: When longer term effects are considered, the picture becomes even more complex and murky. Certain industries requiring inexpensive and low-skill labor might be protected, and these would tend to recruit immigrant labor or if feasible to move their locus of operations to the regions to which immigrants are moving. Thus the garment industry might experience a gradual shift from Manhattan to East Los Angeles or to the border towns of Texas.

Meanwhile many industries would see the growth in labor costs restrained, and thereby experience reduced economic incentives favoring the investment needed to develop and manufacture more efficient production technologies. (An employer paying $10 an hour has a far stronger incentive to increase the productivity of his labor force than does one paying $5 an hour.) Of course, other important economic factors intervene here, such as the availability and real cost of capital for investment, the availability of such technologies, and the structure of government policies favoring or disfavoring such capital investment.

Productivity impacts. To the extent immigrants enter the U.S. with higher average educational and skill levels than those of the indigenous population, as may have occurred during some periods in the past, immigration can be expected (other things being equal) to raise the average productivity of labor. The potential contribution of such capacities to the productivity and assimilability of immigrants underlies the educational and/or "needed skills" tests applied by most other countries to the majority of prospective immigrants.

If, on the other hand, immigrants' educational and skill levels are lower than those prevailing in the native labor force, immigration can be expected to lower the average productivity of labor. This could occur if there is a failure to control unlawful immigration by persons with low education and skill levels, and/or if education and skill criteria are essentially excluded from a substantial proportion of admissions decisions (e.g., current U.S. policy of relatively easy admission of recent immigrants' kin irrespective of their education or job skills). For both of the above reasons, it seems unlikely that recent U.S. immigration (legal and illegal combined) has contributed to improved labor productivity.

It also has been argued that immigrants as a class are more productive than would otherwise be indicated by their skill levels. The non-empirical form of this argument simply asserts ex cathedra that immigrants are a self-selected subset of the sending country's population who are especially hardworking, creative, ambitious, and/or entrepreneurial, and therefore do extremely well in the free enterprise economy of the United States. Some extreme proponents (e.g. Julian Simon) have gone so far as to argue that the more people there are (whether by immigration or by additional births), the greater the number of "geniuses", who thereby contribute to economic advance via their scientific and technological creativity. Such extreme arguments are not taken seriously by most experts.

There is also a significant empirical literature on the economic productivity of immigrants, and here there is a new and fascinating scientific debate. Following the pioneering work of the economist Barry Chiswick, analyses of cross-sections of immigrant and native groups in successive censuses (e.g. for 1960, 1970 and 1980) suggest that most legal immigrant groups (excluding, for some reason, those from Mexico) experience substantial increases in income. So substantial are these gains that after 10 to 15 years these immigrant groups surpass the earnings of native-born persons of equal educational attainment. Such findings lend support to the more subjective arguments that hardworking and creative immigrants contribute to productivity growth.

Such results have recently been challenged in a fundamental way by another economist, George Borjas. Using data from the 1970 and 1980 censuses, he analyzes earnings of the same immigrant groups both cross-sectionally and longitudinally. While his cross-sectional results parallel those of Chiswick, the longitudinal analyses of the same data give the very opposite results --- only very slow earnings growth for immigrants, who never surpass natives of equal educational attainment. He offers two explanations for the cross-sectional findings that earlier immigrant cohorts earn significantly more than more recent immigrants: a fall in demand for immigrant labor, and an apparent decline in the "quality" (in labor market terms) of more recent immigrants. Borjas concludes that findings of rapid immigrant advancement based upon cross-sectional data "provide useless and misleading insights into the process of immigrant assimilation into the labor market." It is fair to say that this is an area of immigration research that remains unresolved and demanding of further careful attention.

The above debate relates to the experience of legal immigrants, or at least to those who appear in the official census data. With regard to illegal immigrants, it is generally agreed that educational attainment is lower than for legal immigrants, and that average earnings are lower too. Whether the apparently large stocks of illegal immigrants who have accummulated during the past 15 years will be successful economically depends heavily upon the importance of education for future economic productivity. Most economists believe that high skill levels will be essential for success in the post-industrial economy of the future, but some argue that automation will lead to a "de-skilling" of work into functions requiring little education. If the first view proves to be correct, illegal aliens likely will fare poorly; if the second view is right, they probably will do well. We shall have to wait and see which prognostication proves more accurate.

Adequacy of labor supply: There have been several predictions of future labor shortages in the United States, on the basis of which continued large-scale immigration has been recommended. It first must be said that most economists view with profound skepticism the very concept of "labor shortages" (other than short-term bottlenecks) in a flexible free enterprise economy. If real wages rise significantly in response to supply/demand imbalances, powerful economic incentives are thereby produced favoring additional labor force participation and capital investment in labor-saving technologies. Beyond this rather fundamental point, it is clear enough that the future demand for labor cannot be be predicted with any real reliability. Demand for labor will be affected by quite unpredictable developments in economic expansion, technological advance, international trade, and other powerful forces. For this reason, most economists exercise great caution in predicting the size and composition of labor demand far into the future.

On the labor supply side, the evidence is clearer. The worries about labor shortages derive from the low fertility levels of the past decade, which mean that other things being equal the generations of the normal age of labor-force entry in the 1990s than those "baby boom" generations maturing over the past decade or so. However, the most recent Bureau of Labor Statistics projections for the United States show continued substantial labor force growth right through the remainder of the century, e.g. increases from about 107 million in 1980 to between 130 and 150 million in 2000. Moreover, past projections have generally erred on the low side, due to overly conservative assumptions regarding female labor force participation and immigration. Current projections may also underestimate future labor force participation by more elderly workers, especially given trends toward elimination of compulsory retirement and reduction of very generous retirement benefits.

In short, it is hard to find empirical evidence to support predictions of "labor shortages" in the United States over the short-to-medium term, and long-term predictions of labor demand are highly suspect in a dynamic and technologically changing economy.

Education and Social Services:

There has been a steady stream of argument concerning the effects of immigration upon education and social service programs. Much of this has spilled from the pens or mouths of committed advocates, and thus has partaken of their penchant for exaggerated and selective use of evidence. As is universally the case, more is known about the impacts of legal immigrants and refugees, who appear in official data, than about the sub rosa population of illegal aliens. The debate on these subjects is lengthy and complicated, and cannot be reviewed in full here. A fair summary of what we know is as follows:

The use of education and social services by immigrants (including legal, illegal and refugee) ranges from high to low, depending upon the benefit examined and the characteristics of the immigrant population. With respect to legal immigrants, those who are well-educated tend to make little use of income transfer and unemployment benefits, although their children benefit from public educational provision. Elderly legal immigrants entering under the terms of family reunification can be expected to be heavy users of publicly-supported health services for many years (in some cases the availability of such health services is an important reason for the immigration in the first place). Legally-admitted refugees tend to make heavy use of welfare and other income transfer benefits in early years, but depending upon their job skills and the availability of employment tend eventually to move off the public rolls into the labor force.

With respect to illegal immigrants, those with low skills and earnings who are accompanied by their families probably make extensive use of publicly-supported systems for health-care, education, and income transfers; however, the ready availability of fraudulent documents and the unwillingness of many social service agencies to delve into their validity makes accurate assessment impossible. Other low-skill illegal aliens who are young and unaccompanied by families probably make little use of educational and health care services, but may be well represented in unemployment benefits. Measurement of such use by a clandestine population is difficult, but a study of the Illinois Attorney General in 1982 showed that nearly half of unemployment compensation applications by aliens were based upon fraudulent immigration documents. In California, many illegal aliens in the agricultural sector seem to make routine seasonal use of unemployment benefits.

The costs of providing such benefits to immigrants and refugees may be quite high for some services and quite low for other: health care, remedial education, and bilingual education are particular examples of services that are heavily used by some immigrant groups, while the use of retirement and Medicare benefits is likely to be quite low. For expenditures on education in general, the costs at the margin differ markedly: in school districts with rapid enrollment growth (e.g. Texas, California), costs may be quite high, while in those with excess capacity (e.g. New York City until recently) the costs for the same services may be quite low.

Legislative efforts to limit the entitlements of illegal aliens to government services have been modified substantially by judicial intervention over the past several years. In 1982, the Supreme Court ruled in a narrow 5-4 decision overturning a Texas state law that illegal alien children are guaranteed a free public education by the Fourteenth Amendment. In California, a State court has ruled that illegal aliens are entitled to the subsidized "resident" tuition rates in state universities and colleges, rather than the much higher "non-resident" rates applied to U.S. citizens from other states and to lawfully-admitted foreign students. A number of additional court cases challenging legislative and administrative limitations on illegal alien entitlements (such as Aid for Families with Dependent Children, Food Stamps, etc.) have been initiated by advocacy groups, and are now pending in various courts; thus the costs of such benefits are subject to important changes that require periodic reassessment.

Political, social, and cultural effects

Undue concentration upon economic costs and benefits obscures the non-economic impacts that are perhaps the most important elements of immigration as they are perceived by the resident population and by many of the immigrants themselves. Although the economic effects are hard enough to assess, especially for illegal immigration, these non-economic factors are essentially unapproachable via empirical evidence. They lie instead in the murky realms of the values inherent in political institutions and cultures, the question of societal cohesion and stability in the context of the historically contentious fissures of language and religion, and the perceptions and ambitions of political parties and politicians. Such matters are of central importance to the general well-being of all human societies, as is evident from the attention paid to them by political philosophers and practitioners throughout history. Moreover, non-economic facturs such as the nature, stability, and adaptability of political institutions and societal values form the essential framework within which economic growth proceeds or fails.

For all their murkiness, such matters are no less real or important than those we can measure with economic and demographic data, as is self-evident from the frequent references to the impressive successes of American cultural pluralism in contrast to the dismal failures in such countries as Lebanon and Northern

Ireland. Indeed, there has been some discussion of the possibility that continued uncontrolled immigration to the United States might result in sectional problems such as those experienced elsewhere.

Leaving aside such nightmarish and hopefully exaggerated scenarios, there are a series of weighty issues that have arisen in relation to immigration trends, issues that without exaggeration do go to the very heart of political rights and national unity. As has come to be considered normal in the United States, much of the action on these issues has occurred not in the executive and legislative branches, but in the Federal courts.

One legal dispute in this arena would surprise most American political leaders and citizens. Put simply, the question is whether the large but uncountable numbers of illegal aliens in the country have a Constitutional right to political representation in the United States Congress, notwithstanding their illegal status. The legal basis of this dispute goes right back to the Constitutional Convention of 1787, though in a manner that almost surely was never contemplated by the Founding Fathers. In part due to the irresolvable issue of slavery that later was to nearly destroy the Republic, the so-called Great Compromise of the Constitution apportioned political representation on the basis of the number of "persons", but excluding 40 percent of the number of slaves and all "Indians not taxed", all to be enumerated in a decennial census leading to reapportionment of the House of Representatives.

Two centuries later, reportedly under heavy political pressure from activists in the Carter White House, the Census Bureau for the first time adopted special measures aimed at enumerating as many illegal aliens as possible in the 1980 Census. This led promptly to a legal challenge arguing that because this illegal alien population was large and concentrated in a few states, their deliberate inclusion in apportionment calculations would deprive citizens and legal aliens in other states of their fair Congressional representation. In defense of its actions, the Carter Administration argued that illegal aliens must be treated as "persons" entitled to Congressional representation. (It failed to note that many "persons" enumerated on Census day are routinely excluded from apportionment calculations, such as visitors, diplomats and others in a temporary status; a fair question might be whether, for purposes of political representation, illegal aliens represent more closely visitors or citizens.) The Justice Department brief even went so far as to state that "nothing in the Constitution forbids a state from permitting even illegal aliens from voting for Representatives."

To date, the Federal courts have avoided ruling on the matter on grounds that the plaintiffs did not have standing to sue. The effect is that the estimated 2 million illegal aliens who were enumerated in the 1980 Census have been provided political representation by inclusion of their numbers in the reapportionment of the U.S. House of Representatives, with the apparent effect that California and New York each gained one seat, at the expense of Indiana and Georgia. Senator Thad Cochran has introduced legislation (S.1734) that would prohibit the Census Bureau from continuing to include illegal aliens in reapportionment calculations.

A related set of issues has arisen from the question of whether children born to aliens illegally in the United States should be entitled to U.S. citizenship and the entitlements that go with it. This form of "birthright citizenship" is often assumed to be a fundamental element of the U.S. Constitution and its Fourteenth Amendment, but a recent legal study from the Yale Law School by Peter H. Schuck and Rogers M. Smith raises serious doubts as to the validity of this assumption. Thus the growth of illegal immigration has already resulted in the growth of both advocacy and scholarship on the very meaning of American citizenship.

Another source of conflict has been generated by the predictions of some Hispanic politicians that Hispanics will soon outnumber blacks as the largest minority group, and that therefore their political representatives warrant much greater influence. Unless these politicians are assuming much larger numbers of Hispanic illegal aliens than are most other observers, this "we will outnumber you soon" scenario could occur only if large-scale illegal immigration were allowed to continue or increase for the next 20-30 years. Since many of the politicians making such claims have been outspoken opponents of proposed measures to restrain illegal immigration, their claims have raised questions as to whether their opposition derives from professed fears about negative impacts of such measures upon Hispanic-Americans, or whether instead from political ambitions related to continued influxes of potential ethnic supporters. In any case, such claims to outnumber blacks have not been well received in the black community, thereby illustrating the potential divisiveness of immigration policies in a pluralistic and contentious society such as the United States.

Finally, there are the political frictions that have arisen regarding bilingualism in areas with large numbers of immigrants. Bilingual policies promolgated by Federal courts and by federal, state and local governments have led to organization of active opposition groups at national and local levels. In 1984, one such group in California collected over 600,000 signatures to force inclusion on the ballot of Proposition 38, entitled "Voting Materials in English Only". This proposition was adopted by a majority of 72 percent numbering some 6.4 million votes. An earlier referendum campaign in Dade County, Florida led to prohibition of public expenditures on bilingual activities that had been promoted by the large Cuban immigrant population in that county.

Whatever may be the merit of any of these concerns and positions, the general proposition that immigration policy is relevant to issues of national cohesiveness is a compelling one, especially when immigration flows are large in relation to other sources of demographic change. One expression of such general concern was offered in 1980 in the pages of the influential journal Foreign Affairs by a moderate and respected foreign policy and business leader, Mr. George W. Ball. Commenting upon the Carter Administration's actions leading to the boatlift of 125,000 Cubans from Mariel Harbor, Mr. Ball stated:

> History has shown often enough that a nation's cultural and political integrity can be frittered away in a generation, and a politically squalid encouragement of indigestible voting blocs can destroy our national cohesiveness before we even realize what has happened to us.

IMMIGRATION AND ALTERNATIVE DEMOGRAPHIC FUTURES:

There is one final subtle impact of immigration that results from the intersection of substantial immigration into countries with low fertility. If domestic fertility in an industrialized country declines, as it has done in the United States and most other developed countries since the 1960s, then even a constant number of immigrants would account for an increasing proportion of population growth. (If domestic population increase approaches zero or negative growth rates, then any level of immigration would account for all of whatever population growth might occur; but caution must be exercised in such calculations, since at such low levels of domestic population increase even a very few immigrants could be said to account for all of population growth.) In the United States, for example, legal immigration twenty years ago accounted for about 15% of overall population growth. Recently legal immigration has represented 25 to 30 percent of U.S. population growth, and the percentage would be substantially higher (perhaps 40%?) if illegal immigration were considered.

Generally speaking, if absolute immigration numbers are substantial under conditions of slow or negative domestic increase, there can be quite rapid changes in the national, ethnic, racial, linguistic, and other social characteristics of the population. This is especially true if the immigrants come predominantly from higher-fertility countries, even if their post-immigration fertility levels tend to converge downward over the long term toward the levels prevailing in the receiving country. This phenomenon can be illustrated by alternative demographic projections that assume plausible levels of fertility and mortality along with different levels of immigration. It must be emphasized that such projections are not predictions or forecasts, but simply simulations of what would occur under the stated assumptions.

In one set of such alternative projections, demographers Leon Bouvier and Cary Davis assume constant fertility levels and gradually improving mortality conditions among resident population groups in the United States, that fertility and mortality levels among immigrants gradually converge to these same levels, and that the national composition of such immigrants approximates that experienced in recent years. They then adopt differing assumptions as to the magnitudes of net immigration (legal and illegal combined), and project out the implications of such alternative assumptions for population composition. For example, their projection that assumes net immigration of 1 million per year (which on historical experience might be seen as a plausible upper bound) results over the long term in a decline in the percentage of white/non-Hispanic residents from 80 percent in 1980 to about 50 percent in 2080. Under these assumptions, the Hispanic population would outnumber the black population by 2010. An alternate assumption of 500,000 immigrants per year (which might be a plausible lower bound) results in slower though still substantial population shifts. The white/non-Hispanic population declines from 80 percent to 60 percent, and Hispanics eventually outnumber blacks, though not until about 2075.

Several important caveats are in order in considering such projection data. First, these projections assume that recent low fertility levels continue, with immigrant fertility converging downward. Alternative assumptions are also plausible, e.g., increasing or declining domestic fertility, or quicker or slower fertility declines among immigrant groups.

Second, since immigration rates and characteristics have historically been subject to substantial shifts, projections such as these could be quite misleading if incorrectly interpreted as predictions or forecasts. Their value is illustrative only, given the fact that the implications of demographic rates can be seen only over extended time spans. It cannot be emphasized too much that population projections represent the logical playing out of sets of alternative assumptions about fertility, mortality, and migration. They do not tell us what will happen, but are a useful means of illustrating the logical implications of a specified set of alternative assumptions.

Third, such projections involve socially-defined categories of the 1980s such as "Hispanic," "white/non-Hispanic," the social meaning of which is likely to change over long time periods. Thus, the social significance of a distant population composition described in such current categories cannot be clearly perceived from today's perspective.

Fourth, one's reaction to these and other projections is fundamentally a matter of values. Some would find the projected trends highly desirable in political, cultural, or other terms, while others would react with neutrality, measured concern, or exaggerated alarm on similar grounds. In short, population projections on their own are of little policy significance. They provide only a quantitative framework for what are quintessentially value-laden judments.

Although many alternative projections are possible, the general point remains that nations experiencing low fertility (as are most industrialized countries) and high levels of immigration from Third World countries can expect substantial compositional shifts over time in socially relevant categories such as nationality, ethnicity, race, religion and language. In the past, such shifts have generated strong public reactions contributing to xenophobic and jingoistic politics, such as occurred during the last major pulse of immigration to the United States around World War I. Loud echos of such concerns are now prominent in France, where many well-known figures (including the prime minister and leading presidential candidate, M. Jacques Chirac) have been expressing highly emotional and public alarms about the conjunction of low French fertility and high immigration rates from Arab countries. Similar though more muted worries have been voiced by prominent figures in West Germany, the United Kingdom, Canada, and elsewhere.

THE NUMBERS GAME: A NOTE ON CONTINUING DISPUTES ABOUT NUMBERS OF ILLEGAL ALIENS

Measurement of illegal or undocumented immigration poses the most profound data problems, for the obvious reason that a clandestine and unlawfully-present population cannot be expected to present itself for governmental enumeration. Illegal aliens fall into at least three major categories --- those who cross the U.S. border without permission or inspection (EWI), those who enter via ports of entry using fraudulent or counterfeit visas, and those who enter using valid temporary visas and then overstay or otherwise violate the terms of their admission. Efforts to estimate the gross numbers of such persons has provided fertile territory both for objective scholars with an interest in creative measurement techniques, and for the numerous politically-motivated advocates who seek apparently objective numbers to support their positions.

Making and criticizing estimates of this population has been a remarkably popular pastime in some circles. In part this is because the numbers are important to a range of policy issues, e.g. the question of whether "amnesty" or legalized status should be offered to those illegally in the U.S. If the numbers are small, this proposal is more likely to be acceptable than if they are large. At the same time, those interested in stimulating public and political concern about illegal immigration are often drawn to larger estimates.

There are also non-political reasons for disagreement. Executives and management consulting firms are used to tapping the knowledge and insights of administrative and sales personnel to obtain estimates of important economic and social trends that are not accessible via standardized quantitative data. Meanwhile, quantitative social scientists tend to eschew such insights as "non-scientific" or "speculative", preferring instead to use official data or indirect estimates drawn from "objective" data even if they are of uncertain quality. Since neither side is able to prove to the other that its evidence is credible, the numbers game is likely to result in a statistical deadlock.

Even within either of these two approaches, there is enormous scope for disagreement. In a 1984 article, Eduard Bos points to four sources of such discrepancy:

1. The exclusion of different categories of illegal aliens: For example, estimates based upon U.S. Census data typically exclude large numbers of "visa-abusing tourists and foreign students, aliens engaging in fraudulent marriages, and aliens using bogus

passports or permist for resident aliens." Other studies exclude those using border "shopping permits" to commute unlawfully to work in the U.S., on grounds that they are resident elsewhere.

2. Use of data drawn from different time periods: Since some parts of the illegal alien population is thought to be seasonally present, different dates of measurement could lead to substantially different estimates, even within the same year.

3. Inaccuracy of U.S. data on legal immigration: Many indirect estimates of illegal alien numbers have been modeled upon techniques developed to adjust census data for undercounts on the basis of prior census and birth and death registration. However, illegal immigration estimates from such methods are heavily dependent upon the accuracy of data on legal immigration and emigration, and unfortunately American data these subjects are of poor quality. As a result, various analysts have adopted different assumptions regarding legal immigration and emigation that result in different estimates of the illegal alien population.

4. Lack of evidence as to age, sex and other demographic characteristics of illegal aliens: Some indirect estimates (e.g. those based upon unexpectedly high mortality rates) require assumptions about the age and sex characteristics of the illegal alien populaton. In the absence of direct evidence on such matters, various estimators have adopted different assumptions that can have important effects upon their ultimate estimates.

Given such fundamental problems, it is hardly surprising that a wide range of estimates has been elaborated. In general, estimates based upon administrative evidence have been the highest, ranging up to 6-8 million in the mid-1970s. Those based upon indirect techniques are the lowest, ranging as low as 1-2 million. So profound is the analytical divide that one over-enthusiastic expert on indirect estimation techniques has gone so far as to characterize administrative estimates as "coming out of the blue".

Given the numerical murkiness and strongly-held opinions that afflict this debate, we shall not join the fray here. Although there has been an excess of estimates and a tendency toward analytic arrogance, in fact the range of responsible estimates is not as wide as might be thought. Almost everyone agrees that the likely numbers of illegal aliens in the United States is in the millions. A reasonable lower bound has been established, with some 2 million estimated to have been counted in the 1980 Census. The upper bound is far less certain; one's view here depends upon a guess as to what fraction of this clandestine population were in fact counted in the 1980 Census. Some hold that at least half were counted (implying an upper bound of 4 million illegal aliens), while others believe the percentage counted was much smaller (implying an upper bound much larger than 4 million). Unfortunately, there is no empirical way of assessing such a question.

Despite the rhetoric and exaggerated claims for one or another method, the fact is that *illegal immigration is essentially inaccessible to accurate measurement*, as are other clandestine processes such as organized crime, drug abuse and trafficking, and the "underground economy". No one, and certainly not this author, can know with any accuracy what are the true current size and growth rate of the illegal alien population, nor is firm evidence likely ever to become available. Most advocates and some researchers will continue to have a taste for the numbers game, and no one will be able to provide incontrovertible proof that almost any numerical claim by such persons is empirically wrong. The best anyone can expect is a range of reasonable guesses that place a crude magnitude on the size of the illegal alien population. In this respect, assessing the size and impacts of the illegal alien population is akin to many other areas of public policy for which reliable data are unavailable, such as the intentions of the Soviet Union or the true magnitude of child abuse.

Representative SCHEUER. Well, thank you very much, Mr. Teitelbaum. You have fulfilled your promise of giving us very thoughtful stimulating testimony.

Let me ask you both a general question. Do you think we ought to have a formulated national policy on immigration? We don't have that now. If we had a national policy debate on population, I suppose it would inevitably bring in the very controversial questions of abortion, family planning, and gay rights and AIDS, and goodness knows what other extremely controversial and emotionally laden issues.

Would it be better to deal in a fragmented way with borders and with border controls and education problems and so forth, or do you think it would be worthwhile to have some kind of a structured national debate through a national commission or something of the kind, but a national debate on a national population policy?

Mr. TEITELBAUM. Population or immigration?

Representative SCHEUER. Population, that would take account of both legal and illegal immigration and domestic fertility, mortality, population movements, both internal and international, or any variant thereof.

Mr. GRAHAM. I recall that we had one once, sort of, and it seemed on the whole a very enlightening and not embarrasing occasion. I refer to the Rockefeller Commission, the 1972 report of the National Commission on Population and the American Future. As I recall, they made one overriding recommendation and 52 smaller recommendations. President Nixon ignored the 52 and attacked 2 of them and that was about the end of it.

Representative SCHEUER. I was a member of that Commission.

Mr. GRAHAM. You know better than I.

Representative SCHEUER. You're absolutely right.

Mr. GRAHAM. So my memory of that and my use of the results of that study, both the summary volume and the other volumes that went with it, was that it was an occasion of admirable, responsible inquiry into tough questions and that it did not lead to a debasement of national discussion. It suggested what I would hope to be eventually and early rather than late a consensual view that in all senses it stands in the best interest of the United States of America to reach an early stabilization of her population, which is to really fudge the question in many ways to the unarguable proposition "let's level this thing off even if we can't settle the question of what is the optimal."

So my reaction is that if this could be done again—how long has that been? That's been nearly 15 years now, and I remember the occasion as one that advanced us considerably conceptually even though you may say, and those who worked so hard may say, that the actual impact of it may seem to you to be minor. I thought of it as a positive occasion.

Representative SCHEUER. It contributed to the literature just as did the five reports that Mr. Teitelbaum edited that the Select Committee on Population published almost a decade ago. That contributed to the literature, too, and I suppose in some modest way it may have had an effect on the thinking of academics that again seeps out. But one wonders whether we don't need something more dramatic and more directly affecting the political process that would produce political results in terms of changed policies, legislative policymaking, rather than just an exercise—a very fascinating, constructive exercise in academic creativity.

Mr. TEITELBAUM. I think, Mr. Chairman, that all nations should have a periodic serious discussion of population issues. They are central to almost every issue of public policy that one can think of, and things change over time.

At the time of the Rockefeller Commission there was concern about unduly rapid population growth in the United States, although the alarm was not sounded by that Commission.

I have to say, however, that the recent statements coming out of the White House on this issue have been less than enlightening. They are contrary to what nearly all demographers consider to be 30 years or more of scientific research on population. If anything, the current public relations effort coming out of the Amerian Enterprise Institute and elsewhere is to raise new alarms, not about population bombs and population explosions, but about population declines and population collapses—a less than enlightening set of activities that does not give one great hope for the credibility of such an exercise at the present time.

As to a formulated policy on immigration, well, yes, I think there should be. There is, supposedly. It's the second longest piece of legislation in the Federal Code, the Immigration and Nationality Act. It's supposed to be a policy. Most people who know anything about it don't think it works the way it's supposed to.

If I had any goals in mind with respect to legal immigration, they would be to maintain the diversity of immigrant streams that has been an important factor in accelerating and encouraging assimilation and upward mobility of immigrants, and also in diversifying the culture of the United States in a way that anyone who lives in a large city appreciates when he or she goes out to dinner, such cultural diversity is the kind of thing that most Americans appreciate, rather than building two or three kinds of cultures that don't interact with each other. It would also be important to keep the number of legal immigrants in some balance with domestic demographic change. If domestic population growth is rapid, if fertilty is high ironically enough, we may be able to absorb more legal immigrants than if fertility is low. Ironically the argument is sometimes made in the opposite way; that when fertility is low we need more immigrants. But I think the reality is that people react to perceived change, and if fertility and school enrollments, and so forth, are low and immigrant numbers are high, people perceive there to be a rapid change in their environment. We then risk a political reaction that has in the past, and I fear will in the future, turn nasty, turn xenophobic, turn anti-immigrant.

Representative SCHEUER. Just to follow up on that, we've had testimony today from Governor Lamm and I think Mr. Graham and a good deal of testimony in our first 2 days of hearings that we ought to rely less on family preferences, which gives the decision to the individuals as to who comes in, and more on the personal characteristics that the individual brings to this country in terms of education, skills, and so forth, that gives us participation in the decisionmaking process, that gives us some input into the population mix that we are accepting into this country.

How would both of you react to that? Should we continue to rely on family preferences for most of the legal immigration or should we switch that and establish our own criteria and not give an automatic ticket of entry to someone simply because they had a relative come across, but make it a matter of individual merit and individual characteristics that we think our country needs?

Mr. **Graham**. I did say something about that in my prepared statement. I'm attracted to Vernon Briggs' formula that as a very first step why don't we go back to our history before 1965 which wasn't very long ago in which about 50 percent were directly related to labor market suitability. So the Nation had its own sense as to half of the legal flow, that it had certain needs that it could express in labor market terms, that these were rationally determined and that the rest of it would be family reunification. I'm not standing for the 50 percent, but it would be an improvement.

I have in front of me a very interesting trio of documents that were produced by the Canadian Government. They have an attractive model there to the north of us. I don't pretend to be an expert in it, but they have a system of points which you get for matching what they have previously determined in an administrative fashion through a skilled civil service, though Parliament, of course, sets the criteria for what the nation thinks that it needs in the way of an augmentation of its work force. Family reunification is a part. You get some points for family reunification and that's in the national interest in that if there's a family there to receive the immigrant the assimilation goes forward much better.

But they have other points for other matters. Now I'm not sure we want to completely copy the Canadian system, but it has a number of attractive features. Vocational preparation experience on the job, and occupational and educational attainment, and they used to give 10 points for what part of the country you would locate in. They've moved away from that now and decided you can freely locate anywhere you want. For knowledge of both French and English you get points, 5 points for fluency in French and 5 points for fluency in English. They have a special problem there. And finally, they have an interview and for 10 minutes or so you talk to a civil servant and under personal suitability you can get 10 points. Now I'm not sure what that one leads toward, but it does give an American a sense that they are further along toward a rational immigration policy that establishes in broad terms what the nation thinks it needs and then allows individual's desires to fill the rest and do the rest of the selectivity. I can leave these with you.

Representative **Scheuer**. I wish you would. Thank you very much.

Mr. **Tietelbaum**. Mr. Chairman, very quickly, the family preference system adopted in 1965 was never intended, as I understand the legislative history of that bill, to dominate U.S. legal immigration numbers. It has come to do so unintentionally. I think there is indeed virtue in having family ties between immigrants and residents in terms of assimilation and upward mobility. But it was never intended to serve as an avenue for whole-family, for extended-family, migration to the United States.

One example is the so-called Phillipine strategy of the whole-family immigration to the United States, in which a family picks one—usually female—child to educate as a nurse because of the immigration preferences for nurses in the United States, with the view toward immigration for that person to the United States and 5 years later reunifying her family in the United States. It is a long-term, very sensible, very rational strategy of exploiting an American immigration policy that was intended for wholly other purposes, and I think indeed it needs to be looked at carefully.

A last point. It's not only Canada that is further down the road toward a rational immigration policy than the United States. I think the same could be said for virtually every Western country—further down the road toward a rational immigration policy.

Representative SCHEUER. Could you give us, as Professor Graham gave us for Canada, could you give us some documentation for each of those countries on how they march down that road and sort of rationalized their situation?

Mr. TEITELBAUM. I can certainly try to get some things together for you. You don't mean here, I hope.

Representative SCHEUER. No, no. At you convenience.

Mr. TEITELBAUM. Sure.

Representative SCHEUER. Professor Graham mentioned chapter 7 of this year's Economic Report of the President entitled "The Economic Effects of Immigration."

Although, as I think Professor Graham mentioned, the chapter in sort of an offhand manner rejected illegal immigration, the entire tone of the chapter is that the cost of immigration, both legal and illegal, are far outweighed by the benefits, including lower cost products for the U.S. consumer, higher wages for native workers, greater tax revenues for government at the Federal, State, and city levels, and so forth.

How do you both react to that? You have already glanced over it.

Mr. GRAHAM. I've gone on about three pages about it and that's not very long and if you and your staff subsequently would like me to go on a little more I'd be glad to add to that in any way or respond to any of your questions.

There is one sentence there, as you say, in which they do not take a position on illegal immigration, and then they assume it. It struck me that the overall impression one gets is this. The difference between Governor Lamm's remarks and my own assumptions about the structural direction of the American economy and that chapter come down, it seems to me, to something pretty fundamental.

They assume that if certain employers in certain parts of the country in certain trades find illegal aliens to be in their own interest, that in some way this is the marketplace indicating the proper and desired economic direction for the country. That's what the marketplace does. It signals the economic direction of the country, and that determination shouldn't be made anywhere else. So in this chapter it's made by those employers.

Now that's not your average employer. It's employers in enterprises a few of whom should go abroad but most of whom should pay more wages and upgrade the standards in those trades if we didn't give them a hidden subsidy by leaving the border open. But that's one set of assumptions.

If you assume that those employers, wanting to pay those wages and control that work force in that way, if they represent the divinity of the marketplace speaking about the direction of the American economy, then that's the kind of chapter you write.

If you have a very different view about the direction of economy and how we should read what the desirable and inevitable direction of the American economy is and what kind of labor force would meet that——

Representative SCHEUER. And the very basic role of Government.

Mr. GRAHAM. Exactly. Then you come to a very different conclusion, which I came to.

Mr. TEITELBAUM. Well, Mr. Chairman, I said in my remarks that economists tend to ignore noneconomic factors, and that document certainly managed to do that very successfully. I would describe the document in its first draft, and even in its final draft, as simplistic. It failed to deal with long-term and short-term phenomenon I was talking about, and it made an analogy between the unrestricted movement of immigrants and free trade and goods, services and financial claims. Thereby it contrived to ignore the rather fundamental distinction between human beings and their products.

Under the arguments in that document, which I consider to be an ideological document, exceptionally large numbers of even illegal immigrants could be seen as beneficial to the United States, although in its defense Mr. Sprinkle did subsequently try to refute that interpretation of the document.

My own view is that substantial controlled legal immigration can have important economic benefits if the economic, demographic, and other circumstances are propitious. But if you took the CEA argument seriously and changed a few words about the role of the market and so on, then even the drug trade, Mr. Chairman, would be good for the U.S. economy. Certainly there's a market for illicit drugs out there. Certainly some people benefit. Certainly there are buyers, there are sellers, and the illicit drug trade could only raise the GNP of the United States and everybody would be better off.

Representative SCHEUER. As a matter of fact, there are some people who feel that the informal or underground economy in certain sections of our country, in Harlem, Bedsty, the South Bronx, I suppose Los Angeles and Chicago—this informal underground economy is so powerful and so important in relationship to the formal economy that if the drug trafficking were removed overnight it would have some tremendously beneficial results but one fearsome result, they say, would be an economic collapse of whole sections of our city.

Mr. TEITELBAUM. On this basis, one should keep the drug trade going, I guess the argument would be, or even expand it.

Representative SCHEUER. Of course, that's an absured result and I don't think anybody would suggest that.

Mr. TEITELBAUM. It has great similarity to the CEA arguments about illegal immigration. It's very similar.

Representative SCHEUER. Let's turn to the Mexican Government. The problems of staunching that hemorrhage across the border are absolutely horrendous and while our Government could do far more than it's doing now in simply normal law enforcement, something that would be a compromise between the virtually nothing that we're doing now and a Berlin wall with soldiers with automatic rifles and police dogs and watchtowers that none of us want, we should achieve some reasonable level of law enforcement that would perhaps cut 80 or 90 percent of the illegal immigration, and that seems to be achievable.

But we ought to have the cooperation of the Mexican Government. Do you see any hope of getting the active, positive involvement of the Mexican Government in helping to reduce this flow, or is it so much a fundamental component of Mexican domestic and foreign policy virtually to shove these folks across the border to us, using us as an escape valve for their horrendous population explosion and as an escape valve to avoid the ever-increasing levels of underemployment and unemployment, that it's unreasonable to even think that it would be even theoretically possible to get their involvement in an effort to harden the border?

Is that a predoomed exercise in futility?

Mr. TEITELBAUM. Well, Mr. Chairman, one would hope not. I believe in the long term the interests of the Mexican Government and that of the American Government are every similar. Mexico is losing skilled people increasingly. When and if—and I would hope the word should be "when"—there is an economic recovery in Mexico, they will find themselves lacking skilled craftsmen, engineers and others, causing serious bottlenecks in their economy such as has been experienced in Egypt, for example, because of the departure of these skilled craftsmen to the Gulf States during the oil boom.

So I think in economic terms the long-term interests are similar. In political terms, it must be galling and highly embarrassing to any government to see the departure of large volumes of its own citizens to other shores. It's a vote of no confidence in the government and in the political system. It's an embarrassment, and I think they would want to deal with that as well.

Representative SCHEUER. Are you suggesting that there's any evidence that the Government of Mexico feels embarrassed by this flow?

Mr. TEITELBAUM. Well, I said in the long term, and probably in the short term if they think about it they're embarrassed. On the other hand, in the short-to-medium term, their view is as you described it; that is, they see the status quo as the preferred situation. There have been repeated attempts by Members of Congress, by members of the executive branch, and several administrations, to discuss these issues with officials of the Mexican Government. Invariably, the reaction has been, "You are a sovereign nation, you Americans, you gringos. You have to control your own borders the same way we do, but respect the human rights of our people. Don't mistreat them, don't let them be exploited, don't let them be abused."

Representative SCHEUER. However, do you want to compare Mexican immigration legislation and policy, let's say on their southern border, with our immigration legislation and policy on our southern border?

Mr. **Teitelbaum**. Mexico is very concerned about illegal immigration from its south and it has undertaken to enforce its laws, including pass cards with pictures on them and so on in those Southern States. Reportedly, on several occasions, though denied by the Mexican Government, it has pushed back Indians moving in from Guatamala claiming to be refugees. Mexico would not be described by any lights as a country that is liberal in its immigration policy. Quite the contrary, though Mexico does provide political asylum for a small number of elite political figures from Latin American countries, in the tradition of territorial asylum in that part of the world.

However, I have to say, Mr. Chairman, that I don't think that this is a likely set of negotiations in the next decade or two. It's clear to me that the policy of the Mexican Government—implicit policy but nonetheless real policy—is one of trying to block any action by this body in respect to immigration reform in the United States.

The Mexican Senate went public with this the last time around in the Simpson-Mazzoli bill, passing a resolution that was quite explicit. In fact, one might even say this resolution was inflammatory in its rhetoric, and if such a resolution of opposition to Mexican legislation under consideration in the Mexican Senate or Chamber of Deputies had been passed by the United States House of Representatives or the United States Senate, there would have been loud screams of "imperialist intervention" in the domestic political affairs of Mexico coming from Mexico City.

So I think the answer is that one can expect continuing efforts to block legislative reform in the United States, including encouragement of various activist groups in the United States that have been carrying the water on this kind of issue.

Representative **Scheuer**. And an ability to cope with whatever embarrassment they may feel of that exodus?

Mr. **Teitelbaum**. Well, there are lots of embarrassments in the Mexican Government these days.

Representative **Scheuer**. I sometimes wonder that the Russian Government isn't more embarrassed than it is at the fact that several millions of people are trying to bust out and practically nobody is trying to bust in. In fact, I haven't heard of anybody trying to bust in.

Mr. **Teitelbaum**. The only place that could happen would be along the Chinese-U.S.S.R. border, which therefore has multiple divisions of armed and highly entrenched troops to prevent that from occurring

Mr. **Graham**. It's hard to detect embarrassment among people who never change the expression on their face.

Representative **Scheuer**. That's true.

Mr. **Teitelbaum**. Are you talking about Congressman Scheuer? [Laughter.]

Representative **Scheuer**. At one time I interviewed a number of Vietnamese boat people in a refugee camp in Hong Kong, and there were only two places in the world they wanted to go. None of them wanted to go to Russia. They wanted to go to only two places. One was the United States of America and the other was California.

Mr. **Graham**. There's a distinction. [Laughter.]

Representative **Scheuer**. All right. Well, this has been a very stimulating—it has been a predictably stimulating and thoughtful and productive hearing and I thank you both. I am going off the record for a few minutes.

[Discussion off the record.]

[Mr. Alejandro Portes, professor of sociology and international relations, the Johns Hopkins University, was invited to participate as a witness in today's hearing, but was unable to do so. He subsequently submitted the following letter, together with an enclosure, for the record:]

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June 4, 1986

The Hon. James Scheuer
Joint Economic Committee
Congress of the United States
G01 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Scheuer:

I very much regret that I was unable to testify because of illness during the recent hearings on the issue of immigration. I considered your invitation an honor.. In addition, I would have liked to comment on what seemed the general tenor of these hearings.

In my view, statements such as those in the press release preceding the hearings are overstated. In addition, they pretty much foreclose debate on the topic. The statement at the top of the press release reads "our nation is faced with a tidal wave of illegal immigrants that threatens to overwhelm our nation's economy, labor market, educational systems, and health programs". If this is a foregone conclusion, what else is there to discuss?

I disagree with this statement because it suggests that illegal immigrants are the main individuals at fault, when the reality is quite different. Illegals would not come, they could not come if there was not a widespread demand for their labor. Illegal immigrants are more victims of the process than its initiators. They are victimized by poverty and exploitation in their home countries and then by unscrupulous employers, landlords, and others in the United States.

I think that it is high time that we stop blaming the victims and abandon the myth that ragged peasants and workers from Third World are able to "overwhelm" our borders. They would not move an inch into U.S. territory if the demand for their services was not here and if the organized power of growers and other employers had not blocked all past attempts at regulation. The issue before Congress is whether the economic health of the industries and farms which rely on this labor is the prime consideration or whether it should be subordinated to broader national concerns. But please, let's stop blaming the immigrants, whose only sin is to seek a better life through work for themselves and their children. If an eye-catching banner is in order, let's target it on the growers' associations and their political allies.

Sincerely yours,

Alejandro Portes
Professor

AP:as
Enclosure

cc: Members of the Committee

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Immigration Reform Again: The 1985 Proposals†

by

Alejandro Portes.
Johns Hopkins University

During 1985. Congress has been again in the midst of what has become a yearly ritual: the introduction of an immigration reform bill and its endless debate in both houses. This five-year-old ritual embodies a paradox: everybody seems to be in favor of immigration reform and yet Congress has been unable to enact an effective program. At the core of this paradox is the issue of unauthorized immigration.

Twelve years ago, I tried to tally the economic and political forces behind this mass inflow.[1] My conclusion at the time was that little change could be expected since the interests favoring the continuation of the movement were far more powerful than those opposing it. This prediction has held over the years, although the present situation has changed somewhat. Before considering what changes have taken place, it is important to summarize the basic features of unauthorized immigration and of legislative attempts at controlling it. This summary can be organized around six core questions:

1. ***What does the proposed legislation, Senate bill 1200, and its predecessors attempt to do?*** They aim at eliminating unauthorized immigration or at least reducing it to the point where it ceases to be a significant problem.

2. ***How will this goal be accomplished?*** It is clear that unauthorized aliens are primarily entering the U.S. in search of jobs. Since the Immigration and Naturalization Service (INS) and the Border Patrol have proven unable to deter the flow, the proposed bill will reduce the incentive for aliens to come by depriving them of access to jobs. This will be accomplished by penalizing employees who hire them. Until now, the law stipulated that it is a felony to be or to harbor an unauthorized alien but not to hire one—a tailor-made loophole known as the "Texas Proviso." Under it, employers have been able to make free use of these workers.

3. ***What will be the consequences of controlling immigration?*** The U.S. government will recuperate an important attribute of its sovereignty, namely, the capacity to regulate entry of foreigners into the country. Jobs vacated by unauthorized aliens will become available to American workers, thus reducing unemployment and lightening the state welfare load.

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* Revised version of a paper written originally for the Seminar on Immigration Policy and the Future of American Pluralism, John Carroll University, October 23, 1985.

[1] See my "Return of the Wetback," *Society* 11 (March-April, 1974) 40-46.

These goals are unexceptionable and account for the first part of the paradox, namely the broad public support for reform. A few organizations, notably Mexican-American ones, have opposed vocally the strategy of employer sanctions. Neither they nor their congressional allies, however, are a match for a current of public opinion going strongly in the opposite direction. It is thus necessary to move beyond legislative pronouncements and public debates to find the real reasons why a seemingly popular bill has been repeatedly stalled. This inquiry encompasses the three remaining questions.

4. ***Why do employers hire unauthorized workers?*** Small and medium-sized firms face, at present, an uncertain and highly competitive environment. Farm growers, garment makers, electronics assemblers, and other producers find that they must compete increasingly not only against each other, but against low-priced imports. Construction and service sector firms such as restaurants, landscaping, custodial and cleaning companies, and others do not face foreign competition but are labor intensive and highly competitive internally. To succeed they require a supply of labor that is both dependable and hard-working. Because of the threat of foreign or domestic competition, all these firms are compelled to maintain low wages. Otherwise, their owners and managers argue, they would go out of business or, in certain cases, be forced to relocate abroad.

In certain regions of the country, unauthorized immigrants have become the ***only*** source of labor for these industries. Domestic workers are either unavailable or unwilling to perform harsh, menial tasks for minimal compensation. In other regions, immigrants are the preferred labor force since, although domestic workers are still available they are deemed to be less dependable or motivated than the aliens.[2]

5. ***Why don't American workers compete effectively with the immigrants?*** The domestic labor supply that could in theory fill the jobs now occupied by unauthorized aliens is formed by certain special groups, such as teenagers, and by the unemployed, disproportionately nonwhite minorities. Teenagers are able to perform certain specific occupations, such as counter work in the fast food industry, but they are unsuitable for the physically demanding tasks required by many farm and construction jobs or for the repetitive and delicate ones in electronics and garment production. Domestic workers are available to perform even the harshest tasks, provided that wages and other benefits are sufficiently high. Mining is a prime example of a demanding physical occupation where wages are sufficiently high to retain a mostly native labor force. When these conditions do not exist, domestic workers tend to withhold their labor, relying on welfare payments or self-employment.

The reason why domestic workers do not compete effectively with unauthorized immigrants is simply that jobs held by immigrants are generally not attractive. The goal of most American workers—including blacks, Mexican Americans, and other minorities—is to find occupations that pay enough to maintain a modest but reasonable standard of living and that offer at least some opportunities for mobility. Dead-end jobs paying low wages in return for highly demanding menial work are not deemed a real option and, when taken, are abandoned at the earliest possible time.

6. ***Why are foreigners willing to accept those jobs?*** At $3.35 per hour, the U.S. minimum wage is approximately six times that of Mexico, which is, in turn, higher than those prevailing in most of Central America. A series of studies have shown that the bulk of unauthorized immigrants were not unemployed in their countries of origin, but were rather low-paid urban and agricultural workers.[3] Their principal reason for migrating is not, however, the absolute money gap with U.S. wages, but the fact that the wages received at home are insufficient to meet even minimum local consumption standards. The cause of mass unauthorized migration is thus not unemployment, but poverty-in-employment.

Mexican, Central American,and other foreign workers willingly accept jobs disdained by Americans for two reasons. First, the acquisitive power of U.S. wages is far greater back home. Remittances of one or two hundred dollars per month enable entire families to survive and even improve their economic situation. Dollar savings also allow immigrants to purchase land, houses, or work implements after their return. Second, the stigma often attached to the lowest menial tasks is not an obstacle since the migrants' significant others are at home and not in the United States. Several studies thus report that immigrants willingly perform jobs that they would not accept in their own countries because they regard their sojourn as temporary and their contacts with American society as minimal.[4]

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[2] See Wayne A. Cornelius, "Labor Market Impacts of Mexican Immigration: Two Generations of Research." Paper presented at the Seminar on The Urban Informal Sector, Johns Hopkins University, Baltimore, April 1984; NACLA, "Undocumented Immigrant Workers in New York City," ***Report on the Americas*** 13 (Nov.-Dec. 1979): 2-46; Sherri Grasmuck, "Immigration, Stratification, and Working-Class Discipline: Comparisons of Documented and Undocumented Dominicans," ***International Migration Review*** 18 (Fall 1984): 692-713.

[3] See Joshua Reichert and Douglas Massey, "Patterns of U.S. Migration from a Sending Mexican Community: A Comparison of Legal and Illegal Immigrants," ***International Migration Review*** 13 (Winter 1979): 599-623; Ina R. Dinerman, "Patterns of Adaptation among Households of U.S.-Bound Migrants from Michoacan, Mexico," ***International Migration Review*** 12 (Winter 1978): 485-501; Wayne A. Cornelius, "Mexican Migration to the United States: Causes, Consequences, and U.S. Responses," Working Paper, Center for International Studies, M.I.T., 1978; Patricia R. Pessar, "The Role of Households in International Migration and the Case of U.S.-Bound Migration from the Dominican Republic," ***International Migration Review*** 16 (Summer 1982): 342-364; Grasmuck, "***Immigration.***"

The rapid growth of unauthorized immigration in recent years can be explained as a result of these converging forces. Farm growers and industrial and service firms generate a low-wage labor market that is resisted by domestic workers, but eagerly filled by immigrants. The fit between the interests of employers and their foreign employees is so strong as to have rendered ineffectual both past attempts at controlling the inflow and efforts to replace immigrant with domestic workers. A recent study of industry in Southern California reports, for example, that up to a third of the labor force in the electronics assembly plants is unauthorized, mostly Mexican immigrants, and that this proportion is growing rapidly. In the garment industry, concentrated in Los Angeles, up to half of the labor force in legally registered plants and over 80 percent in the bourgeoning "informal" sector of sweatshops and homework is estimated to be unauthorized.[5]

The proposed immigration reform bill is, above all, an attempt to reverse these powerful forces at play in the labor market. Employers would be prevented from hiring those whom they desire and would be forced instead to tap a more costly and, in their view, less motivated labor pool; goals of those to be hired—American workers—are precisely to abandon the kind of low-paid and frequently stigmatized jobs now held by immigrants.

Much of the current debate about immigration reform revolves around the issue of whether state power will be sufficient to bring about this reversal. Proponents believe that it will; critics are more skeptical. The critics point to the fact that the present immigrant labor system is rooted in social and economic processes that transcend national boundaries. They also note that never before has a large group of American employers been deprived of their main labor source without either a suitable alternative or a major ensuing conflict.[6] Replacements for unauthorized immigrants at current wages are nowhere in sight. Critics note finally that the scenario of an orderly replacement of immigrants with higher-paid domestic workers is probably the least likely outcome of reform. Other options available to industries that employ immigrant labor are to mechanize, go underground, move abroad, or simply to go out of business. In each of these instances, but especially the last two, the consequence would be the loss of thousands of better-paid administrative, clerical, and supervisory jobs now held by Americans. This is at least the conclusion of a well-publicized report by the Urban Institute as well as of the field studies conducted recently in California.[7]

Twelve years ago, at the time I wrote my first article of this topic, the balance of economic and social forces leaned so strongly in favor of the continuation of foreign labor immigration that this outcome seemed inevitable. Despite some changes since then, the situation at present is not too different. The principal change at present is the consolidation of a reform coalition composed of academics, journalists, and policy pundits. This coalition, which concentrates in the East Coast, brings together a disparate gamut of ideologies—from liberals, concerned with protecting domestic workers and restoring the rule of law, to extreme conservatives, intent on closing the door to all immigration and banning any more foreign influences in the country. This coalition is opposed, at the political level, by powerful lobbies representing growers and other employers and by their congressional allies, primarily from the West and Southwest.

The second recent change consists of the incorporation of a massive immigrant contract labor program in the 1985 reform bill. This provision—a ***bracero*** program in everything but name—represents a major concession by the Eastern reform coalition to its opposition. After years of legislative defeats, it has become clear that no immigration bill can be enacted that does not accommodate the interests of Western growers and their allies. It seems also clear, however, that this provision negates, to a large extent, the very intent of reform. A contract program not only provides employers with legal access to their preferred workers, but also strengthens the underground flow. During the original *bracero* program, contract and unauthorized immigrations coexisted side by side. Contacts between employers and *braceros* and increasing knowledge by the latter of conditions in the United States made possible an easy shift underground once the legal program was terminated.[8] The new labor contract provisions are likely to lead to a similar outcome, multiplied by the much larger number of workers involved in the cross-border flow and of industries relying on it.

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[4] See Charles H. Wood, "Caribbean Cane Cutters in Florida: A Study of the Relative Cost of Foreign and Domestic Labor," paper presented at the panel on Immigration, meetings of the American Sociological Association, San Antonio, August 1984. Josh DeWind, Tom Seidl, and Janet Shenk, "Contract Labor in U.S. Agriculture," NACLA ***Report on the Americas*** 11 (Nov.-Dec. 1977): 4-37. Pessar, "***Role of Households***."

[5] ***María Patricia Fernández-Kelly and Ana García, "Advanced Technology, Regional Development, and Women's Employment in Southern California," Discussion Paper, Center for U.S.-Mexico Studies, University of California-San Diego, 1985.***

[6] ***An example of such a conflict is the U.S. Civil War, caused, to a large extent, by the decision to deny Southern planters their preferred labor force. For a more extensive discussion of this point, see my "Of Borders and States: A skeptical Note on the Legislative Control of Immigration," in W. A. Cornelius and R. A. Moreno, eds., America's New Immigration Law***, Monograph Series #11 (La Jolla, CA: Center for U.S.-Mexico Studies, University of California-San Diego, 1983), pp. 17-30.

[7] Thomas Muller, ***The Fourth Wave: California's Newest Immigrants*** (Washington, D.C.: The Urban Institute Press, 1984); Wayne A. Cornelius, "Project on the Role of Mexican Labor in the California Economy: Preliminary Report of Research Findings," Research Report, Center for U.S.-Mexico Studies (University of California-San Diego, 1984).

Past legislative defeats and the prospect of an immigration reform bill that contains its own negations should persuade well-intentioned advocates of reform that they have followed the wrong path. Unauthorized labor migration is not a police matter, but one deeply embedded in an international economic structure that possesses its own dynamics and logic. An alternative approach that may prove more effective in the long run consists of targeting the root causes rather than the symptoms of unauthorized labor movements. In places of origin, this alternative approach calls for working with grass-root organizations in the development of small-scale enterprises in agriculture, industry, and commerce. The popular, small-scale sector has proven a far more efficient generator of acceptable employment in the Third World than large, capital-intensive industries, private or state-owned.[9] Viable self-employment and participation in dynamic producer cooperatives would tend, in turn, to discourage out-migration.

In places of destination, efforts should be directed at wage and labor conditions rather than at the national origin of workers. Effective enforcement of minimum wage and fair labor standards laws, regardless of nationality, should discourage employment of unauthorized aliens for two reasons. First, improvements in wages and work conditions will encourage domestic workers to re-enter these labor markets. Second, inability to extract more-work-for-lower-pay from immigrants with the threat of deportation would undermine their status as a "preferred" labor source for many employers.

As Senator Kennedy remarked in the 1982 congressional debate over a similar proposal, it is hard to believe that the government can effectively enforce employer sanctions against hiring immigrants when it has proven unable to enforce compliance with fair labor standards laws covering American workers.[10] Clearly, the alternative approach that I propose cannot solve all the contradictions and problems surrounding unauthorized immigration, but will prove a more viable long-term solution than the rush to do "something" about immigration now widespread in Washington policy circles.

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[8] On this point, see Jorge Bustamante, "The Historical Context of Mexican Undocumented Immigration to the United States," *Aztlán* 3 (1973): 257-281, Mario Barrera, *Race and Class in the Southwest: A Theory of Racial Inequality* (Notre Dame, Ind.: Notre Dame University Press, 1979), ch. 5; Robert L. Bach, "Mexican Immigration and the American State," *International Migration Review* 12 (Winter 1978): 536-558.

[9] See S. U. Sethuraman, ed., "The Role of the Urban Informal Sector in Developing Countries (Geneva: International Labour Office, 1981), pp. 3-47; Caroline O. N. Moser, "Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development," *World Development* 6 (Sept.-Oct. 1978): 1041-1064, Ernesto Parra Escobar, *Microempresa y desarrollo* (Bogota: Servicio Nacional de Aprendizaje, 1984).

Representative SCHEUER. We will now take the second panel on State and local issues: Prof. Frank D. Bean, Department of Sociology, University of Texas; Elizabeth Bogen, director, Office of Immigrant Affairs, New York City; Prof. Frank Dunn, Department of Psychology, Florida International University; Prof. Philip Martin, Department of Agricultural Economics, University of California at Davis.

Well, I want to thank you for being so patient and forebearing to have sat through—if you have been here for the testimony—almost 2½ hours of testimony. If you have been here, I hope you have found it as interesting and stimulating as I have, but in any event, I thank you for your patience and endurance.

We have to be out of here by 1 o'clock and I suppose we could cheat by 15 minutes, so let's say we have roughly an hour and a quarter, so what I'm going to ask you to do is summarize your testimony in about 10 minutes and we will have a little egg timer here to help us concentrate our thinking and I will go through all four of you and I will try and be as strong as possible in restraining myself from asking questions and interrupting you, and then when you all four have finished your testimony I'm sure I will have some questions to ask all of you.

As I've said to the other witnesses, all of your testimony will be printed in full in the record, so feel free to chat informally for 10 minutes, giving us the highlights of your prepared statement and also referring to anything that you've heard this morning from any of the witnesses, any of the conversation, that you think would be of interest to the committee.

We will start with Prof. Frank D. Bean, Department of Sociology, University of Texas.

STATEMENT OF FRANK D. BEAN, PROFESSOR AND RESEARCH ASSOCIATE, DEPARTMENT OF SOCIOLOGY AND POPULATION RESEARCH CENTER, UNIVERSITY OF TEXAS, AUSTIN

Mr. BEAN. Thank you, Mr. Chairman. I appreciate very much the opportunity to speak here today concerning my research on the consequences of immigration.

The topic to be addressed by this panel is the impact of immigration on States and communities. I will deal with this subject by presenting a summary of the results of a current research project of mine.

Representative SCHEUER. All of you might refer to the rather dramatic remark that Governor Lamm made when he said, "I'm playing triage every day. I'm deciding which of our programs will die,"—and he ticked off two or three—"in order to meet these emergency programs of the Mexican population that's flooding across our borders." Playing triage, killing some existing programs that the Congress and the Colorado State Legislature presumably have passed in their good judgment in order to meet this inundation of new demands and new service needs.

Mr. BEAN. I'll keep that in mind. I also got the impression that he thought some of that came about as a result of Gramm-Rudman, if I recall his remarks.

Representative **Scheuer**. Well, I don't recall him saying that, but it's undoubtedly true that it has come out of Gramm-Rudman. We've certainly exacerbated his problem. We haven't lessened it.

Mr. **Bean**. The study I want briefly to talk about investigated the effects of illegal Mexican immigration on the earnings of other social groups in metropolitan communities in five Southwestern States.

The issue of the economic impact of undocumented Mexican immigration is, of course, in part, a question of the effects of undocumented immigrants in the U.S. labor market.

In addressing this question in the case of undocumented Mexican immigration, the research I want briefly to report today focuses on geographical labor markets because it is within local areas, as we've heard this morning, that it is most appropriate to address the key issues concerning the substitutability of different labor groups in the aggregate production process.

Studies of the effects of undocumented immigration have been hampered because reliable data on the size and distribution of the illegal population in the United States have not been available until recently. In order to surmount this problem, studies have employed a variety of research strategies, almost none of them based on data on undocumented Mexicans.

One approach is to extrapolate from research on the effects of legal immigration. In general, because of their lack of data on undocumented immigrants, it is difficult to draw conclusions from such studies about the effects of undocumented immigration.

Nonetheless, the relative absence of large or negative effects of legal immigration on the wages and earnings of other groups provides little basis for anticipating substantial adverse effects of illegal immigration.

My research of how immigrant groups affect the earnings of the native-born population involves using an economic model of the labor market in order to describe changes in labor market outcomes that occur as a result of shifts in the supply of immigrants. The analysis is based on a system of labor demand equations which express the earnings of labor market groups as a function of the ratios of the size of the labor force groups in the labor market.

An important piece of information needed for estimating these equations is estimates of undocumented Mexicans included in the 1980 census in SMSA's in the United States. The methodology used in generating these numbers involves an extension of techniques used previously for the Nation and for States by Warren and Passel of the U.S. Bureau of the Census.

In addition to estimating the numbers of illegal Mexicans in metropolitan areas, we also estimate the sizes of five other groups, giving six labor force groups in all: undocumented Mexican males, legal Mexican males, native-born Mexican-American males, black males, non-Mexican origin white males, and females.

Several findings from the research are noteworthy. First, all male labor force aggregates, with the exception of Mexican undocumented, are substitutes for female workers, a result that corresponds with the findings of previous research. Second, we are able to achieve an important gain in information over previous research that has involved examining Hispanic immigrants as a single labor force aggregate. Mexican undocumented and legal Mexican foreign born immigrants appear to show fundamentally different relationships with other labor force groups. Among Mexican immigrants, the legal foreign born exert a positive effect on the earnings of native white males, while illegals have a negative effect; and where Mexican undocumented revealed no significant effect on the earnings of blacks or native Mexican-Americans, legal Mexican immigrants exhibit a positive effect on these groups. Third, the legal Mexican-foreign born show a negative effect on female workers, but so do almost all of the male labor force aggregates. However, the Mexican undocumented demonstrate a positive effect on the earnings of female workers.

Despite the statistical significance of these relationships, the impact of the immigrant groups on the earnings of other labor force aggregates is not very large. This can be seen by examining the percentage of change in the earnings of one group that would result from a given percentage increase in the size of the immigrant group. For example, a 10-percent increase in the supply of Mexican undocumented workers would decrease native white male earnings by about 0.1 of 1 percent. A doubling in the supply of Mexican illegals would reduce native white male earnings by 1.1 percent. The magnitude of the impact of legal Mexican immigrants on the earnings of native male labor force groups, although positive, is likewise small.

In sum, the most general result emerging from this research is that undocumented Mexican immigration does not appear to exert a very large impact on the earnings of other groups in local labor markets.

We have relied on an economic model incorporating labor inputs as factors in the production process to reach this conclusion. However measured, the impact of an increase in the supply of undocumented Mexican immigrants is not very sizable. This finding is of particular significance given that the undocumented group examined is Mexican in origin. This group is not only the largest but it is also the one whose immigration is the most labor-related. It is also noteworthy that the effects of increases in the supply of this group are especially negligible on native-born Mexican-Americans, a group which a priori might be expected to be most affected, both because of the geographic concentration of Mexican-Americans in local labor markets receiving the greatest number of undocumented and because the labor forces of both groups tend to be concentrated in unskilled and semiskilled occupational positions.

In conclusion, the findings of this research are based on 1980 data, and thus they are circumscribed by that fact. They suggest that the effects of undocumented Mexican immigration on the earnings of other groups may not be as large as sometimes been thought.

Mr. Chairman, I will stop there in the interest of time and let my colleagues speak.

[The prepared statement of Mr. Bean follows:]

PREPARED STATEMENT OF FRANK D. BEAN

INTRODUCTION

One of the major issues fueling the current legislative and policy debate over immigration reform concerns the economic impact of illegal (or undocumented) immigration. Of particular interest are the consequences of immigration from Mexico, not only because undocumented migrants from that country comprise a majority of all illegal immigrants (North and Houston, 1976; Warren and Passel, 1985), but also because the immigration of undocumented Mexicans is more likely to occur for labor-related reasons than is the immigration of illegal entrants from other countries (Portes, 1983; Portes and Bach, 1985). The issue of the economic impact of undocumented Mexican immigration is in part a question of the effects of undocumented immigrants on the U.S. labor market. The present paper is concerned with this question in the case of undocumented Mexican immigration. Viewed broadly, we are interested in the relationship between labor market structure and the relative economic well-being of the individuals whose labor is exchanged for earnings within labor markets. We focus our attention on geographical (or local) labor markets, rather than markets defined in terms of occupational or economic sectors, because it is within this arena that it is most appropriate to address the key issues concerning the substitutability of different labor groups in the aggregate production process (Hamermesh and Grant, 1979).

PREVIOUS STUDIES

Studies of the effects of undocumented immigration have been hampered because reliable data on the size and distribution of the illegal population in the United States have not been available until recently (for recent estimates, see Bean et al., 1983, 1986; Hill, 1985; Warren and Passel, 1986).

In order to surmount this problem, one set of studies has employed proxies that are more readily measured than the undocumented labor force (Cardenas, 1978; King, 1979; King, 1982; Orton, 1976; Smith and Newman, 1977). Another group of studies has assumed an a priori geographical distribution or growth rate of the illegal population as a basis for making rather crude comparisons between areas with purportedly high and low concentrations of undocumented workers (King, 1979; Orton, 1976; Smith and Newman, 1977). Variations on this approach include recent studies of the Los Angeles area which is well known to have a large Mexican immigrant population and has been (correctly) presumed to contain a large proportion of undocumented Mexicans (cf., Muller and Espenshade, 1985; McCarthy and Valdez, 1985). Los Angeles experienced a rate of manufacturing growth between 1970 and 1980 that was greater than the U.S. average. At the same time, while average earnings for persons in the Los Angeles labor force were higher than the national average, the rate of growth of the manufacturing wage was nearly one-quarter less, which may have resulted from a greater supply of low skilled and low cost labor. As of 1980 Mexican immigrant workers made up nearly 50 percent of the low skilled manufacturing labor force in the SMSA (Espenshade and Goodis, 1985:24). A negative impact of a greater supply of immigrants, however, apparently cannot be discerned in the rate of unemployment and earnings among Los Angeles blacks, who fared better than blacks nationally (Espenshade and Goodis, 1985; Muller and Espenshade, 1985). But, the rate of increase between 1970 and 1980 of Latino earnings in Los Angeles was fully 40 percent less than for the state of California as a whole (McCarthy and Valdez, 1985).

Another approach has involved estimating the parameters of an aggregate production function in which various demographic groups are treated as substitutable factors (Hamermesh and Grant, 1979; Borjas, 1982; Grossman, 1982, 1984). In this type of study the effect of a change in the size of one group on the wages of other labor groups may be directly calculated. Following this research strategy, a variety of studies have examined the effects of various labor market groups on one another, e.g., younger and older workers (Freeman, 1979), blue- and white-collar workers (Berndt and Christensen, 1973), blacks, whites, and Hispanics (Borjas, 1983; Borjas, 1985b), and various generations of immigrants (Grossman, 1982; Borjas, 1984). Given the relatively recent interest in the issue of undocumented workers, it is not surprising that only one study of this type has addressed how this labor force group interacts with other types of labor in the production process (Grossman, 1984), and it is based on a simulation model rather than on empirical data. In general, because of the lack of data on illegal immigrants, it is impossible to draw conclusions from these studies about the effects of undocumented immigration. Nevertheless, the relative absence of large or negative substitution effects for groups of legal immigrants with other groups provides little basis for anticipating substantial adverse effects of illegal immigration.

THEORETICAL MODEL

Understanding how immigrant groups affect the earnings of the native-born population requires the specification of a model of the labor market. Such a model can provide a description of changes in labor market outcomes that occur as the result of shifts in the supply of immigrants, and thus a basis for tracing the consequences of a particular shift in immigrant supply. The present analysis starts with a theoretical model of production technology wherein various labor and non-labor inputs interact in the production of output. It makes use of a common characterization of aggregate production technology, the Generalized Leontief production function (Diewert, 1971).

$$Q = \sum_j \sum_i \gamma_{ij} (X_i X_j)^{\frac{1}{2}}, \tag{1}$$

where Q is output, X_i are the various inputs (in our case, labor inputs), and γ_{ij} are the technology coefficients, with the restriction that $\gamma_{ij} = \gamma_{ji}$. The parameters γ_{ij} determine how the marginal productivity of input i is changed by an increase in the supply of input j. The sign of γ_{ij} reveals if the two inputs are substitutes (γ_{ij} less than 0), or complements (γ_{ij} greater than 0).

Under the assumption that firms in the labor market maximize profits and employ all factors of production up to the point where their price is equal to the value of marginal productivity, a system of labor demand equations may be derived which express the earnings of labor market groups as a function of the ratios of the sizes of the labor force groups in the labor market:

$$r_i = \gamma_{ii} + \sum_{j \neq i} \gamma_{ij}(X_j/X_i)^{\frac{1}{2}}. \tag{2}$$

This system of equations illustrates one important feature of the Generalized Leontief functional form, namely that the earnings equations are linear-in-parameters and can be easily estimated by ordinary least squares techniques (see, e.g., Varian, 1985). Further, an intuitive understanding of the underlying process of earnings determination is readily discernible in the equations. For example, the earnings of group i, r_i, is affected by the number of type j individuals in the labor market per member of group i (X_j/X_i). Thus the relative quantities of other factors of production affect group i's earnings through the technology parameter γ_{ij}, and when group i is complementary (substitutable) with group j, an increase in the supply of group j increases (decreases) group i's wage.

One problem with equation (2) is that it aggregates workers into labor inputs, (X_i), thereby requiring the assumption that group i workers are homogeneous with respect to skill level both within and among labor markets. Because this assumption would seem to be unwarranted in most instances, it is useful to add additional structure to the model in order to allow for such differences within groups and across labor markets (Brojas, 1984; 1985a). Based on Borjas' findings we adopt an additive specification which allows for wage differentials based on individual-level factors. On the assumption that these differentials are the result of differential skills, as represented by a function of observable characteristics Z_ℓ, as well as an independent random element, we have a stochastic version of equation (2) for the wage of individual ℓ:

$$r_{i\ell} = Z_\ell \beta_i + \sum_{j \neq i} \gamma_{ij}(X_j/X_i)^{\frac{1}{2}} + \epsilon_\ell \tag{3}$$

Equation (3) specifies the earnings determination process at the individual level and will be used throughout the empirical analysis. In its incorporation of both aggregate labor input and human capital variables, it also illustrates the way in which wage equations based on Generalized Leontief technology may be used to link demand theory with the many studies of wage determination in the literature based on human capital theory.[1]

DATA AND METHODOLOGY

We estimate the technology parameters for the system of equations in (3) for metropolitan labor markets in the southwestern United States in 1980. An important piece of information needed for estimating these equations are estimates of undocumented Mexicans included in the 1980 Census in SMSAs. The methodology used to generate these estimates involves an extension of methods used previously for the nation and for states (Warren and Passel, 1986; Passel and Woodrow, 1984). An estimate of the legally resident Mexican alien population was generated using alien registration (I-53) data for 1980 from the Immigration and Naturalization Service (INS) and data on legally admitted Mexican aliens for January-March 1980 for SMSAs. This estimate was subtracted from a census figure for Mexican aliens counted in the 1980 Census in order to obtain an estimate for undocumented Mexicans.[2] The census figure starts with the reported census figure for Mexican aliens and is corrected for nonreporting of country of birth, misreporting of citizenship, and misreporting of nativity by persons of Mexican origin. Application of these procedures also yields an estimate of Mexican legal aliens. All of these corrections and adjustments are described in detail in previous papers (Warren and Passel, 1986; Passel and Woodrow, 1984).

It is important to note that our analyses are based on the number of undocumented Mexican immigrants included in the 1980 Census in metropolitan labor markets in the United States, not the number actually present in those labor markets. Recent research, however, based on data from the 1980 Mexican Census (Bean et al., 1986; Passel, 1985) and on data from a survey conducted in Los Angeles (Heer and Passel, 1985) has addressed the question of what proportion of the total undocumented Mexican population was included in the 1980 Census. The results from these studies indicate that between 50 and 60 percent of the total group of undocumented Mexicans in the United States were included in the 1980 Census. Even more significant than the numbers involved, however, is the strong possibility that the undocumenteds included in the 1980 Census represent "settlers," or those members of the undocumented population who have established more permanent residence in the United States, as opposed to "sojourners," or those members of the undocumented population who typically come to the United States for only a short period of time. It seems reasonable to think that it is the more permanent type of undocumented immigrant who constitutes the greater threat to the earnings of American workers. In order for the results presented below to be substantially different than they are, the distribution of the undocumented population not included in the 1980 Census across local labor markets would have to vary substantially from the distribution of those included. This seems unlikely given the high correlation between the distributions of both the native born Mexican American population and the legal Mexican immigrant population on the one hand and the distribution of Mexican undocumenteds counted in the 1980 Census on the other. Given the well-known tendency for immigrants to concentrate in areas containing relatively large numbers of persons from their country of origin, it is unlikely that the undocumenteds who were not included in the 1980 Census would exhibit a greatly different distribution.

Estimates of the relative sizes of the other groups included in the analysis for each SMSA are obtained from published census data. Only SMSA's in the five southwestern states (Arizona, California, Colorado, New Mexico, and Texas) are included in the analyses and the four border SMSA's in Texas are deleted because their labor markets include substantial areas and populations in Mexico.[3] The analysis is restricted to working age males and females (age 16-64) who were not in the military, were not self-employed, were not working without pay, were not in group quarters, and worked more than ten weeks, more then ten hours per week, and earned at least $500 during 1979. Altogether, 47 SMSA's and 41,479 individuals are included in the analysis. The analysis was conducted with 1979 annual earnings as the dependent variable. This choice facilitates comparison with other research in the labor demand literature, especially studies using average income share during the year as a variable. Furthermore, as Borjas (1985a:6) has also observed, exploratory analysis using the wage rate produced similar results.

The analysis is conducted for six labor force groups -- Undocumented Mexican Males, legal Mexican male aliens, native born Mexican American males, Black males, non-Mexican origin white males, and females. Female workers are not disaggregated because they exhibit less within group wage variation than males, and because their disaggregation by immigrant status makes little difference for empirical results (Smith, 1977; Borjas, 1985b). Unfortunately, it is impossible with census data to identify individuals who are residing in the country illegally. Instead an approximation must be used. On the basis of Warren and Passel's (1985) result that about two-thirds of Mexican male aliens entering the country since 1975 are undocumented, we will use post-1975 Mexican born entrants to approximate undocumented Mexicans. Similarly, because about two-thirds of Mexican alien males entering before 1975 are estimated to be legal aliens, we will use this group to approximate legal Mexican immigrants.

In the case of the Generalized Leontief model with N factors of production (six types of labor in the present analysis), it is inappropriate to estimate separate equations for each labor group because of the symmetry assumed in the theory (ij= ji). Hence, there are only N(N-1)/2 independent technology parameters. Estimating the equations separately would require the arbitrary selection of one equation to estimate with N parameters and one to estimate with only one parameter. Instead, the N- equation system must be estimated jointly, imposing the appropriate constraints during the estimation.

An important methodological problem in estimating the technology coefficients of equation (3) derives from the fact that the labor supply variables (as expressed in terms of ratios in the equations) are endogenous rather than exogenous. That is to say, wage differentials across labor markets may induce internal migration patterns involving differential tendencies for groups to move to areas with higher wages. To take this into account we employ in addition to the ordinary least squares estimation an instrumental variables approach following the procedures outlined by Borjas (1984; 1985b) and we estimate the technology parameters using two-stage least squares (2SLS). The instruments employed are:

$$\frac{\hat{x}_i}{x_j} = L\hat{\alpha}$$

where L is a commonly specified set of determinants of intermetropolitan migration flows (Appendix Table A), and $\hat{\alpha}$ is the vector of parameters estimated in the first stage of the 2SLS procedure.

FINDINGS

Table 1 presents the estimated technology parameters specified in equation (2) for yearly earnings. In panel one are the Ordinary Least Squares (OLS) estimates of the technology coefficients (holding constant the human capital variables). Panel two reports the results when the Two Stage Least Squares procedure is employed to account for the endogeneity of the labor supply variables. The explanatory variables used in the first stage (equation 4) explain between 75 and 90 percent of the variation in the relative distribution of one group to another in the southwest labor markets making it unlikely that the instrumental approach creates undue noise. Elasticities of complementarity (Hicks, 1970) corresponding to the coefficients in Table 1 are given in Appendix Table B.

There are several noteworthy findings in Table 1. First, as in previous research the correction for endogeneity increases the magnitude of the coefficients, but leaves the underlying pattern of relationships unchanged. This confirms theoretical work that leads us to expect that it is the stable labor force that has the greatest effect on the demand system (Killingsworth, 1983). Second, all male labor force aggregates, with the exception of Mexican undocumenteds, are substitutes with female workers. Again, this result corresponds with previous research.

Third, the results in Table 1 reveal an important gain in information over previous research that has involved examining Hispanic immigrants as a single labor force aggregate. Mexican undocumented and legal Mexican foreign born immigrants have fundamentally different relationships with other labor force groups. Whereas Borjas (1985b) found that immigrant groups were substitutes in production with white native males, our results demonstrate that among Mexican immigrants the legal foreign born are complements, while the illegal portion of the foreign born are substitutes with white native males. And where Mexican undocumenteds reveal no significant relationship with blacks or native Mexicans, legal Mexican immigrants are complements with these groups. Furthermore, legal Mexican foreign born are substitutes with female workers as are the other male labor force aggregates; however, the Mexican undocumented labor force demonstrates the complementarity between traditionally low skilled immigrant groups and female workers observed elsewhere (Borjas, 1985b).

It is, perhaps, of greater value to assess these technological relationships by calculating the price elasticities of demand, d ln w_i/ d ln X_j, for the corresponding technology parameters. Table 2 presents the estimated changes in the earnings of the Mexican natives, blacks, white males and females as the supply of Mexican undocumented workers and legal Mexican immigrants increase. Despite the statistical significance of some of the parameters from Table 1, it is clear that the numerical impact of the immigrant groups on other labor force aggregates is small. For example, the cross-elasticity of the earnings of white males with respect to the quantity of illegal Mexicans is -.011; this implies that a 10 percent increase in the supply of Mexican undocumented workers would decrease white male earnings by about one-tenth of one percent. A doubling in the supply of Mexican illegals would reduce white male earnings by 1.1 percent. The magnitude of the numerical impact of the legal Mexican immigrant, while positive with native male labor force groups, is likewise small. The substitutability between illegal and legal Mexican males in the labor market is similarly one in which the numerical impact of the competition is of minor consequence to the earnings of either group.

Neither does there appear to be much effect from increases in the supply of immigrants on their own earnings levels. In Table 2 the own group elasticity of Mexican legal and illegal immigrants is about -0.174 and -0.005 respectively. These reveal that increases in the supply of legal and illegal immigrants substantially reduce the earnings of each group separately. For example, a 10 percent increase in the number of undocumented Mexican immigrants would reduce the earnings of undocumented Mexican immigrants by 1.7 percent. A 10 percent increase in the number of legal Mexicans would reduce the earnings of legal Mexicans scarcely at all. Just as increases in the supply of either legal or illegal Mexican immigrants have little numerical impact on the earnings of the native-born labor force, they also induce very little reduction in their own earnings on average.

SUMMARY AND CONCLUSIONS

The most general result that emerges from this analysis is that undocumented Mexican immigration does not exert a very large impact on local labor markets. We have relied on a Generalized Leontief model incorporating labor inputs as factors in the production process to reach this conclusion. Whether measured in terms of technology coefficients describing the degree of complementarity (or substitutability) of various labor inputs or in terms of price elasticities of demand, the impact of an increase in the supply of undocumented Mexican immigrants is not very sizable. The concern that undocumented immigration may be depressing the earnings of native born workers does not appear to be borne out by these results. This finding is of particular significance given that the undocumented group examined is Mexican in origin. This group is not only the largest but also the one whose immigration is most labor-related. It is also noteworthy that the effects of increases in the supply of this group are especially negligible on native born Mexican Americans, the group which *a priori* might be expected to be most affected, both because of the geographic concentration of Mexican Americans in local labor markets receiving the greatest numbers of undocumenteds and because the labor forces of both groups tend to be concentrated in unskilled and semi-skilled occupational positions. In conclusion, our findings suggest that the effects of undocumented Mexican immigration on the earnings of other groups may not be very large.

Table 1.

Technology Coefficients for Mexican Origin Males, Black Males, White Males and Total Females in Southwest Labor Markets: Yearly Earnings, 1980.

OLS Estimates[1]

	MFM	MNM	BM	WM	TF
MUM	-171.7 (-.37)	-62.7 (-.17)	17.1 (.05)	-1375.5 (-2.31)	1532.3 (2.35)
MFM		1147.9 (2.98)	1222.9 (4.36)	1496.8 (2.32)	-1836.8 (-2.59)
MNM			525.9 (1.70)	440.6 (.63)	-125.8 (-.16)
BM				210.8 (.36)	-386.5 (-.63)
WM					841.0 (.58)

2SLS Estimates[1]

	MFM	MNM	BM	WM	TF
MUM	-14.1 (-.02)	-204.9 (-.47)	-128.3 (-.29)	-1733.8 (-2.71)	2057.8 (2.64)
MFM		2288.8 (3.84)	2690.1 (5.33)	4542.2 (4.35)	-5398.1 (-4.46)
MNM			1597.7 (2.84)	2731.7 (2.43)	-2799.2 (-2.12)
BM				2518.8 (2.43)	-3352.7 (-2.83)
WM					-5503.2 (-2.18)

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[1] where MUM = Mexican Undocumented Male, MFM = Mexican Foreign Born Legal Males, MNM = Mexican Native Born Males, BM = Black Males, WM = White Males, TF = Total Females. The t-ratios are given in parentheses.

Table 2.

Elasticities of Factor Prices.

OLS ESTIMATES[1]

The Change in the Wage of:

With Respect to the Quanity of:	MUM	MFM	MNM	BM	WM	TF
MUM	-.1126	-.0073 (-.37)	-.0014 (-.17)	.0004 (-.05)	-.0088 (-2.31)	.0165 (2.35)
MFM	-.0120 (-.37)	-.0333	.0274 (2.98)	.0295 (4.36)	.0100 (2.32)	-.0207 (2.59)

2SLS ESTIMATES[1]

The Change in the Wage of:

With Respect to the Quantity of:	MUM	MFM	MNM	BM	WM	TF
MUM	-.1740	-.0006 (-.02)	-.0047 (-.47)	-.0030 (-.29)	-.0111 (-2.71)	.0221 (2.64)
MFM	-.0010 (.02)	-.0047	.0546 (3.84)	.0648 (5.33)	.0305 (4.35)	-.0608 (-4.46)

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[1] where MUM = Mexican Undocumented Male, MFM = Mexican Foreign Born Legal Males, MNM = Mexican Native Born Males, BM = Black Males, WM = White Males, TF = Total Females. The t-ratios in parentheses pertain to the technology coefficient.

Appendix Table A.

Exogenous Variables Used to Obtain Instruments for 2SLS Estimates of Technology Coefficients.

Labor Market (SMSA) Characteristics:	
1. MANUFACTURING	Percent of Civilian Labor Force employed in 1980
2. SERVICE	Percent of Civilian Labor Force employed in 1980
3. BLUE COLLAR	Percent of Civilian Labor Force employed in 1980
4. WHITE COLLAR	Percent of Civilian Labor Force employed in 1980
5. UNEMPLOYMENT	Percent of Civilian Labor Force in 1980
6. MANUFACTURING WAGE	Average hourly wage in 1975
7. PER CAPITA INCOME	In 1974
8. POPULATION COUNT	Population ages 15-64 in 1980
9. POPULATION CHANGE	Percent Change from 1970 to 1980
10. HISPANIC MIGRATION	Rate of Hispanic SMSA in-migration 1975 to 1980
11. HISPANIC STOCK 1970	Percent of Population in 1970 that was Hispanic
12. MEXICAN BOARDER	100 miles from Mexican boarder
13. HIGH SCHOOL	Percent of those over 25 who graduated grade 12
14. TRANSFER PAYMENTS	Per capita state transfer payments 1980
Individual Human Capital Characteristics:	
15. EDUCATION	Number of years of completed education 1980
16. EXPERIENCE	Number of years after completed education 1980
17. EXPERIENCE DECAY	Experience squared
18. ENGLISH ABILITY	Self report of language ability 1980

Appendix Table B.

Elasticities of Complementarity for Mexican Origin, Black, and White Males; Total Females in South West Labor Markets: Yearly Earnings, 1980.

OLS Estimates[1]

	MUM	MFM	MNM	BM	WM	TF
MUM	-11.5304	-.7497 (-.37)	-.1465 (-.17)	-.0403 (-.05)	-.9035 (-2.31)	4.6893 (2.35)
MFM		-2.0730	1.7066 (2.98)	1.8355 (4.36)	.6255 (2.32)	-1.2883 (-2.59)
MNM			-1.6173	.4224 (1.70)	.0985 (.63)	-.0472 (-.16)
BM				-.4950	.0476 (.36)	-.1465 (-.63)
WM					-.0767	.0887 (.63)
TF						-.0919

2SLS Estimates[1]

	MUM	MFM	MNM	BM	WM	TF
MUM	-17.8320	-.0616 (-.02)	-.4788 (-.47)	-.3027 (-.29)	-1.1389 (-2.71)	2.2687 (2.64)
MFM		-.2912	3.4028 (3.84)	4.0377 (5.33)	1.8983 (4.35)	-3.7863 (-4.46)
MNM			-1.0683	1.2288 (2.84)	.6110 (2.43)	-1.2706 (-2.12)
BM				.6771	.5688 (2.43)	-1.2706 (-2.83)
WM					-.2485	-.5807 (-2.18)
TF						-1.2775

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[1] where MUM = Mexican Undocumented Male, MFM = Mexican Foreign Born Legal Male, MNM = Mexican Native Male, BM = Black Male, WM = White Male, TF = Total Female. The t-ratios in parentheses refer to technology coefficient.

FOOTNOTES

1. The factors of production we use on estimating equation (3) are aggregate labor inputs. Under ideal conditions we would also include various types of capital service flows, but such measures are not currently available on the SMSA level. Consequently, from a theoretical point of view we require separability between capital and labor inputs in the production process. Fortunately, Borjas (1985) has shown in the context of a similar specification that the exclusion of capital makes little differences in the estimated results. The drawbacks of the separability assumption are discussed by Hamermesh (1984).
2. The estimates were prepared at The United States Bureau of The Census by Jeffrey Passel under a contract between the senior author and the Census Bureau.
3. Border SMSAs, especially El Paso, which is a major point of entry, have labor markets with special characteristics (cf., Briggs, 1974; Jones, 1984). See also the unusually low sex ratios in Table 1 for El Paso.

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Representative SCHEUER. Thank you very much and now we will hear from Elizabeth Bogen, director of the Office of Immigrant Affairs, New York City Department of City Planning.

STATEMENT OF ELIZABETH BOGEN, DIRECTOR, OFFICE OF IMMIGRANT AFFAIRS, NEW YORK CITY DEPARTMENT OF CITY PLANNING

Ms. BOGEN. Thank you very much, Mr. Chairman.

Before I begin to excerpt from my prepared statement, I just want to say that in New York City we feel that the impact of immigration on our city is significantly different from immigration impacts in other large cities or heavily immigrant States in this country. I don't want anybody to feel that if I make a comment on how immigration affects New York City that I'm trying to say that this is the way it is in other places or that these facts are generalizable.

Sometimes that's true and if it's true I will say no, but otherwise, I am really just speaking about New York.

I will begin with a quote:

> New York is so enormous that even large population changes affect the proportions slowly. The kind of change that transforms a city the size of Newark is for New York only a neighborhood shift.

That was Nathan Glazer and Daniel Patrick Moynihan in their 1963 book "Beyond the Melting Pot." And that observation is still true today 23 years and a new immigration law later.

In New York, we think that it goes a long way toward explaining the ease with which New York City is absorbing its latest wave of immigrants, an ease that distinguishes our city from some of the cities of the South and West who have been so much harder hit.

New York City has the longest continuous immigration history, and also internal migration history, of any American city, and the largest and most varied foreign-born population, all of which I think are elements in this matter of ease in New York.

In New York, for instance, there's no one ethnicity that has predominated overwhelmingly in our immigrant stream nor does so today.

New York welcomes its reputation as an immigrant city, as it welcomes all the foreign born who come to it as residents, diplomats, students, exchange visitors, temporary workers, tourists, and investors. We feel that these people contribute an international flavor to our city which is extremely important both to its cultural and economic strength and well-being.

Furthermore, the city's immigrants have revitalized declining neighborhoods by renting or buying homes and apartments, sending their children to local schools and thereby filling school seats that would otherwise have gone vacant, buying small businesses from retiring shopowners whose children lack interest in running the family business, riding the public transportation system and paying for the public transportation system which was built to accommodate larger numbers of people than ride it today.

New York's immigrants have not overwhelmed the city's social institutions nor its physical infrastructure. The city sustained a net loss of 800,000 residents between 1970 and 1980; that loss would have been greater without the immigrant influx. The net immigrant increase between 1970 and 1980 was about 240,000 and raised the percentage of foreign born in the city from around 18 to around 24.

Nevertheless, we do acknowledge that there may be a limit to the city's absorptive capacity and to the country's absorptive capacity, and that immigrants do pose some problems to the city, although the balance is unquestionably favorable.

In light of the limits, the mayor of the city of New York has supported the basic concepts of the proposed Simpson and Rodino legislation, specifically, sanctions against employers who hire unauthorized aliens and a limited amnesty. The mayor believes that the country has a right and a need to control immigration, but he also believes that government must deal with present-day realities and must protect the well-being of all current residents, be they citizens, legal aliens or undocumented aliens. It is to the disadvantage of all who live in New York, we believe, if some city residents are uneducated, inadequately protected from crime and workplace violations, or untreated for illness. To protect aliens' access to vital public services, the mayor on October 15, 1985, distributed to all mayoral agency heads a memorandum instructing them not to report undocumented aliens to the INS if the aliens' only "crime" was unauthorized residence. Aliens were to receive all services to which they were entitled by law.

In other recent efforts to extend and improve city services to the foreign born, the mayor in 1984 established my office, the office of immigrant affairs at the department of city planning, to coordinate agency services, analyze immigrant service needs, and develop policy.

I brought with me today and would like to submit for the record the mayor's statement on the original Simpson proposal of 1985, the October 15 memorandum on reporting and serving undocumented aliens, and a pamphlet that my office did entitled "Immigrant Entitlement Made (Relatively) Simple: A Pamphlet for Agency Workers," in which we list the major services provided by New York City and the exact types of immigrants who are eligible for those services and the documents they need to prove their eligibility. By this means, we intended to make sure that eligible aliens were getting everything they were entitled to and that ineligible aliens were being turned away.

Representative SCHEUER. What is an ineligible alien?

Ms. BOGEN. It depends on the program.

Representative SCHEUER. Is it an illegal alien?

Ms. BOGEN. It's an ineligible alien. The truth is that our work has shown that there is no clear and simple definition for an illegal alien. What's an illegal alien for Medicaid may not be an illegal alien for AFDC or for any other service program. Even the Federal service programs differ in their definitions of who will be eligible, a fact that causes enormous confusion for lineworkers in localities and results, we think, in profound inequities for aliens who are applying for service.

The other side of this pamphlet tries to tell in simple language for the purposes of agencies' lineworkers what the confusions are in alien entitlements and what it would take to straighten them out—not so much the latter, more of the former.

What I have done next in this testimony is to excerpt from a report that city planning has been working on—was working on between 1983 and 1985 on immigration in New York City and its impact on human services. I'm just going to read you a couple of selected sentences from each of these sections because otherwise I'll overdo my time by even more than I'm currently going to overdo it by.

DEMOGRAPHICS

In 1980, the U.S. Census Bureau counted 14 million foreign-born persons living in the United States, of which 1.7 million or 11.9 percent, were living in New York City.

New York City has received about 75,000 legal immigrants a year in recent years, although that's the gross entry figure. The net increase, as I implied before, has been about 24,000 a year, 240,000 for the decade from 1970 to 1980, and that changed the foreign-born population from 1.4 to 1.7 million in those years.

Now admittedly, these Census figures do not include all undocumented aliens. They may not even include all documented aliens. For many cities in the United States the figures would be different if more of the undocumented population had been counted.

One of the very important distinctions between New York and some other cities is its mix of ethnicities. Every city has it own characteristic mix. I'm going to mention the ethnicities that seem to be entering New York City in the greatest numbers at this point, and you will see that it's different from other cities, what's currently going on there.

The Dominican Republic was first on the list of sending countries for numbers of people who arrived in New York City between 1975 and 1980. The Dominican Republic was followed by the U.S.S.R. because that was a period in which many large numbers of Soviet refugees were being resettled in New York. Next come China, Jamaica, Guyana, Haiti, Korea, Colombia, Trinidad-Tobago, and India. So you see that some of the ethnic groups that are predominant in some other American cities, specifically Cubans and Mexicans, are not even represented in the top 10 in New York. The Cubans probably come a little further down on the list, but Mexicans—I can't remember what their number is, but it's quite low on the list in New York.

Mostly the people that we get are from the Caribbean and Latin America and from Asia.

Immigrants were more likely than the native born to live in family households, according to 1980 census data, and their families were more likely to contain a married couple, suggesting a stability that was really valuable. Of the households headed by immigrants, more than a quarter of the members were U.S. born, most of them children. In other words, an immigrant family is likely to have one out of four family members who were born in the United States.

EMPLOYMENT

Our analysis of 1980 census data shows that labor force participation rates and unemployment rates were virtually identical for the foreign born and native born in their prime working years, 25 to 44. Significant differences emerged only when the data were analyzed by race. Foreign-born blacks and foreign-born Hispanics were more likely to be labor force participants than were native-born blacks and native-born Hispanics.

Representative SCHEUER. Can you give us some explanation for that? You didn't explain it in your testimony.

Ms. BOGEN. No; I think that it cannot be explained at our current level of knowledge. I myself feel the need for a larger study of employment impacts in New York. I think that with the current data it cannot be explained.

Representative SCHEUER. And you mentioned that native-born female Hispanics have the lowest rate of labor force participation.

Ms. BOGEN. Yes.

Representative SCHEUER. Do you have an explanation for that?

Ms. BOGEN. A combination of cultural factors and other things.

Representative SCHEUER. Can you elaborate on that?

Ms. BOGEN. Just that people from every country vary in the expectations of women as workers and I think that the expectations for women workers are less among native-born Hispanics than they are among many other groups. There are probably other reasons, but I wouldn't feel comfortable speculating. I really think the work needs to be done.

Representative SCHEUER. But they have a lower rate of labor participation than foreign-born Hispanic women. How do you explain that?

Ms. BOGEN. Well, first of all, native-born Hispanics are mostly Puerto Ricans—not entirely, of course, because the other ethnic groups are catching up and having more native-born members—so you're really asking me a question about Puerto Ricans in New York City which I can't address. My office doesn't study Puerto Ricans because they are not immigrants. We've talked this morning about the kind of questions that have to be asked, and I do think the question you're asking has to be asked and answered, but I'm very reluctant to answer it without feeling that I understand it because there are strong both cultural and economic effects that I couldn't begin to speculate on.

We just want to point out that there's no evidence in the census itself either to suggest or refute the idea that foreign-born workers were responsible for the lower participation rate of native-born minorities, but what can be said is that their performance does call attention to the serious employment problems of native American minorities. Both of those factors need following up.

Representative SCHEUER. You know, that's a little unsatisfactory from our point of view. Are you saying there is absolutely no correlation, no cause and effect relationship between the existence of a large number of foreign born?

Ms. BOGEN. I'm saying that there is no data to substantiate that idea currently. The analysis has not been done in such a way, at such a depth, that that question can be answered in anything but a kind of impressionistic way. Or people talk from emotional factors. And I just don't want to. I wouldn't feel right about it.

I have my own point of view about it, but that's sort of irrelevant because it's not based on hard data and I think that's one of the problems in the entire immigration issue.

Representative SCHEUER. Well, what is your point of view? We're to hear points of view.

Ms. BOGEN. My own personal point of view?

Representative SCHEUER. Yes.

Ms. BOGEN. My own personal point of view is that there are some parts of the native black and Puerto Rican populations that have problems that require enormous amount of thinking and planning to reach solutions for. I don't believe that the greater success of immigrants is responsible for those problems, but it just makes everybody feel worse and it reminds us that we absolutely have to solve the problems of our native underclass, but it does not give us license to do that by pretending that we are sure that immigrants are responsible for their plight. That's really how I feel about it. I don't think that immigrants are responsible but, I say, that's just my feeling about it.

Representative SCHEUER. Very good. Please continue.

Ms. BOGEN. Although it is highly undesirable for immigrants to work at below minimum wage or in substandard working conditions, as they sometimes do in New York and in other places, the city does derive great benefit when immigrants are willing to work at minimum wage. Perhaps it should, perhaps it shouldn't, but it does. Many people believe that the availability of low-wage immigrant labor has made it possible, for example, for the garment industry to remain in New York instead of capitulating to overseas competition.

And again, one can argue about the justice of that, but it just appears at the moment to be a probable fact.

Now income and tax contributions. The 1980 census data show that the median income of foreign-headed households was about $1,500 less than that of native-headed households. For foreign-headed households, median income was $12,783; for native-headed households, $14,325.

Representative SCHEUER. Ms. Bogen, you're way over your 10-minute time limit. If you could begin to summarize, we would appreciate it.

Ms. BOGEN. All right. Undocumented aliens. Most of my comments have been about aliens who are counted in the 1980 census. It's almost certain that many undocumented aliens were not counted and that, therefore, we don't have access to the kind of data about them that we would like.

We think impressionistically that our undocumenteds also differ from the undocumenteds of some other large cities. One, they tend not to be people who snuck over the border but to be people who came on legal tourist or student visas through Kennedy Airport and then overstayed. They tend not to come from just one country but to come from the mix of countries that our legal immigrants come from, although there probably is some concentration from the Caribbean.

We believe that they are often relatives of legal immigrant families and that they are often single relatives of legal immigrant families living in the same households, so that they're not living in their own neighborhood or in their own households but more often as members of legal immigrant households.

It is our impression that undocumented aliens do not make much use of publicly funded social programs. Our research shows that even legal immigrants rarely make more than their proportional use of publicly funded programs, but we think that undocumented aliens make even less use, although when they do make use of programs like health care it is expensive to New York because Medicaid won't pay for them and they very likely don't have private insurance.

So, on the one hand, New York says that we want to serve undocumented aliens, we want to make sure that they get health care because it's not to our advantage to deny it, but we have to admit that this is a fiscal problem for us.

We think their use of public assistance is very low, although there are not hard data to substantiate it, but that is our field wisdom.

We were asked about implications for the future. At this point it seems that New York is well able to absorb immigrants at the rate at which they are now entering the city. And considering the jobs that are currently available to them and the jobs which they currently take, largely in the garment industry, restaurant industry, some in construction—it's in my prepared statement. But as the city goes more and more toward being a service economy in a way that was referred to earlier—I think it was Governor Lamm who said that we don't have the same need for strong arms that we had before—as the city heads more in the direction of a service economy, we do want to be looking at the question of whether immigrants coming into the city continue to match up with the job market or whether they don't. The questions that have been asked earlier about whether our immigration system ought to rely more on the employment qualifications of people is certainly well worth consideration.

Representative SCHEUER. What's your view on that?

Ms. BOGEN. I am personally very interested in Vernon Briggs' arguments and would like to see them spelled out further in some kind of proposal that could get more national debate. I am not an economist or a labor specialist in any way, so all I can say is that I found his arguments extremely interesting and worth pursuing.

I think that to the extent that the market can reasonably control and shape immigration, probably it ought to, and to the extent that that doesn't work we ought to think of something else.

I think that probably I can stop at that point.

[The prepared statement of Ms. Bogen, together with the material referred to for the record, follows:]

PREPARED STATEMENT OF ELIZABETH BOGEN

> **New York is so enormous that even large** population changes affect the proportions slowly...The kind of change that transforms a city the size of Newark is for New York only a neighborhood shift.

So wrote Nathan Glazer and Daniel Patrick Moynihan in their 1963 book, Beyond the Melting Pot. Their observation pertains even now, 23 years and a new immigration law later. It goes a long way toward explaining the ease with which New York City is absorbing its latest wave of immigrants, an ease that distinguishes New York from some of the cities of the South and West.

New York City has the longest continuous immigration history of any American city, and the largest and most varied foreign-born population. New York welcomes its reputation as an immigrant city, as it welcomes the foreign-born who come to it as residents, diplomats, students, exchange visitors, temporary workers, tourists and investors. Whether temporary or permanent, the foreign-born make enormous contributions to the city, both economic and cultural. The city's immigrants have revitalized declining neighborhoods by renting or buying homes and apartments, sending their children to local schools, and buying small businesses from retiring shop owners whose children lack interest in running the family business.

New York's immigrants have not overwhelmed the city's social institutions nor its physical infrastructure. The city sustained a net loss of 800,000 residents between 1970 and 1980; the loss would have been greater without the immigrant influx.

Neighborhoods profit from the newcomers' social and economic presence, the public transportation system profits from their ridership, and the schools can fill seats that otherwise would be empty. Furthermore, the ethnic communities act as a magnet for culture and dollars from abroad. Immigrants do pose some problems to the city, but the balance is unquestionably favorable.

Still, there may be a limit to the city's absorptive capacity, and to the country's absorptive capacity. Consequently, the Mayor of the City of New York has supported the basic concepts of the proposed Simpson and Rodino legislation, i.e., sanctions against employers who hire unauthorized aliens, and a limited amnesty. The Mayor believes that the country has a right and a need to control immigration. But he also believes that government must deal with present-day reality, and protect the well-being of all current residents, be they citizens, legal aliens, or undocumented aliens. It is to the disadvantage of all who live in New York if some city residents are uneducated, inadequately protected from crime and workplace violations, or untreated for illness. To protect aliens' access to vital public services, the Mayor on October 15, 1985, distributed to all mayoral agency heads a memorandum instructing them not to report undocumented aliens to the INS if the aliens' only "crime" was unauthorized residence. Aliens were to receive all services to which they were entitled by law.

In other recent efforts to extend and improve city services to all the foreign-born, the Mayor in 1984 established my office, the Office of Immigrant Affairs at the Department of City Planning, to coordinate agency services, analyze immigrant service needs, and develop policy. In 1985, the Police Department established a New Immigrants Unit to improve its relations with the city's ethnic communities. In addition, there are four ethnic advisors in the Mayor's Office, and a manager charged with monitoring immigrant issues in most city agencies.

DEMOGRAPHICS

In 1980, the U.S. Census Bureau counted 14 million foreign-born persons living in the United States, of which 1.7 million, or 11.9 per cent, were living in New York City--more than in any other city. Almost 20 per cent of census-recorded immigrants who arrived in the United States between 1965 and 1980 were living in the greater New York area. Only the Los Angeles area had as many recent, census-recorded immigrants. If all undocumented aliens had been counted, the figures for both cities would have been much higher.

New York City has received about 75,000 legal immigrants a year in recent years, according to data from the U.S. Immigration and Naturalization Service. The city's net increase in foreign-born residents was about 24,000 a year between 1970 and 1980, census data show; the foreign-born population rose from just over 1.4 million, or 17.9 per cent of the city's total population, to just under 1.7 million, or 23.6 per cent. Again, these figures exclude an unknown number of undocumented and otherwise uncounted aliens.

Every immigrant city is unique in its particular mixture of ethnic origins. In 1980, New York had more foreign-born Italians than any other single foreign-born group. Italy as a country of origin was followed by the Dominican Republic, China (including Hong Kong and Taiwan), Jamaica, USSR, Poland, Germany, Haiti, Cuba and Ireland, in that order. The foreign-born population included many who had arrived before the Hart-Celler Act. The rank order for immigrants who arrived most recently, i.e., between 1975 and 1980, was significantly different: the Dominican Republic was first, followed by the USSR, China, Jamaica, Guyana, Haiti, Korea, Colombia, Trinidad-Tobago and India. With the exception of the Soviet refugees, the newest immigrants were not European but Caribbean, Asian and Latin American. A preliminary analysis of 1984 INS admission tapes confirms these immigration trends.

By racial breakdown, the 1975-1980 cohort was almost evenly divided among hispanics, whites, blacks and Asians, in that order. At this point, in 1986, the proportion of white arrivals has dropped with the decrease in Soviet refugee admissions.

New York's foreign-born population clusters in two age groups: working age people and the elderly. Immigrants tend to migrate during their prime working years, which accounts for the cluster in that age group, and a large remnant of the century's early immigrants remains living in New York, which accounts for the cluster of elderly. Such factors pushed the median age of the city's foreign-born to 42.6 in 1980, compared to 29.4 for the native-born. The median age of the most recent arrivals (1975-80) was 26.5.

Immigrants were more likely than the native-born to live in family households, and their families were more likely to contain a married couple. Of the households headed by immigrants, more than a quarter of the members were U.S.-born, most of them children. Average family size was 3.34 for immigrant-headed families and 3.19 for native-headed families.

On the whole, 1980 census data showed, New York's immigrants had less education than the city's native-born residents, but the gap appeared to be narrowing. The most recent arrivals were more likely to be high school graduates than were earlier immigrant groups, but not as likely as the native-born. Interestingly, however, the most recent immigrants had a higher proportion of college graduates than did the native-born.

EMPLOYMENT

City Planning analysis of 1980 census data shows that labor force participation rates and unemployment rates were virtually identical for the foreign- and native-born in their prime working years, 25 to 44. Significant differences emerged only when the data were analyzed by race. Foreign-born blacks and foreign-born hispanics were more likely to be labor force participants than were native-born blacks and native-born hispanics. By far the lowest labor force participation rate obtained among native-born hispanic women. There was no evidence to suggest that foreign-born workers were responsible for the lower participation rates of native-born minorities, but their performance calls attention to the serious employment problems of the American underclass.

LABOR FORCE PARTICIPATION (BY PERCENT) OF PERSONS 25 TO 44 YEARS OF AGE IN NEW YORK CITY, 1980

	TOTAL POPULATION	NATIVE-BORN	FOREIGN-BORN BY PERIOD OF IMMIGRATION			
			Total	Pre-1965	1965-1974	1975-1980
MALES	88.1	87.1	90.5	91.7	92.2	86.1
WHITE, Non-hispanic	91.8	91.9	91.5	93.0	94.1	84.2
BLACK, Non-hispanic	81.4	78.7	88.7	89.5	89.9	84.4
HISPANIC	84.8	81.3	90.0	90.5	91.1	87.1
ASIAN, Non-hispanic	91.4	88.4	91.7	90.5	94.8	88.3
FEMALES	61.5	60.9	61.9	59.6	63.8	60.1
WHITE, Non-hispanic	65.5	68.1	53.7	54.2	53.0	54.1
BLACK, Non-hispanic	65.6	61.5	78.7	76.5	80.4	74.7
HISPANIC	46.5	39.5	57.9	59.1	57.6	57.3
ASIAN, Non-hispanic	69.4	70.1	69.4	75.5	75.7	59.7

UNEMPLOYMENT RATE (BY PERCENT)
FOR PERSONS 25 TO 44 YEARS OF AGE IN NEW YORK CITY, 1980

	TOTAL POPULATION	NATIVE-BORN	FOREIGN-BORN
MALES	6.8	7.0	6.2
WHITE, Non-hispanic	4.6	4.6	4.7
BLACK, Non-hispanic	11.3	12.2	9.0
HISPANIC	8.9	9.9	7.6
ASIAN, Non-hispanic	3.4	4.7	3.3
FEMALES	6.9	6.6	7.6
WHITE, Non-hispanic	5.0	4.8	6.6
BLACK, Non-hispanic	8.4	8.7	7.5
HISPANIC	10.7	10.8	10.7
ASIAN, Non-hispanic	4.0	5.9	3.8

Source: 1980 U.S. Census Public Use Microdata File

Prepared by: NYC Department of City Planning

Researchers at Columbia University, City College and New York University have given considerable attention to employment patterns among the city's foreign-born, and to the thorny questions of wage depression and job displacement. In general, their conclusions seem to be that if competition between foreign-born and native-born workers exists, it is neither pervasive nor direct nor readily measured. For example, one can argue that the prevalence of Chinese and other low-price ethnic restaurants cuts into the market for fast food outlets, thereby hurting employment prospects for the native-born black and hispanic teenagers who often work for McDonald's and its like.

New York's researchers contend that the city's labor market is segmented, and that immigrants tend to be employed in the secondary market, i.e., not in direct competition with majority enterprise. For example, Chinese and Dominican garment workers are likely to be employed in the industry's spot market more than they're likely to work for long-established firms with fixed annual production schedules. Furthermore, certain industries in New York seem to be marked out as immigrant industries, for example, the garment trades, the retaurant business, private household work, and nursing home attendant work. There are also high concentrations of immigrants in the city's hotel and motel business, miscellanous manufacturing, hospitals and construction.

Although it is highly undesirable for immigrants to work at below minimum wage or in substandard working conditions, as they sometimes do in New York, the city derives great benefit when immigrants are willing to work at minimum wage. Many people believe that the availability of low-wage immigrant labor has made it possible for the garment industry to remain in New York instead of capitulating to overseas competition.

NEW YORK CITY INDUSTRIES WITH CONCENTRATIONS OF NEW IMMIGRANTS, 1980

In Rank Order by Number of Post-1965 Immigrants Employed

INDUSTRY	TOTAL EMPLOYED	POST-1965 IMMIGRANTS EMPLOYED	POST-1965s AS PERCENT OF TOTAL EMPLOYED
TOTAL FOR ALL INDUSTRIES	2,898,880	492,760	17.0
Apparel manufacturing	118,540	42,760	36.2
Hospitals	185,820	41,660	22.4
Eating/drinking establishments	110,640	36,820	33.3
Banking	125,320	21,540	17.2
Construction	77,960	15,120	19.3
Real estate/building management	71,660	11,540	16.2
Private households	30,620	11,520	37.5
Nursing facilities	30,960	9,820	31.7
Miscellaneous manufacturing	32,080	9,520	29.7
Grocery stores	47,040	8,920	19.0
Insurance	76,980	8,720	11.3
Motels/hotels	25,420	7,860	30.9
Printing/publishing	74,280	7,760	10.3
Total, 13 industries	1,008,320	233,560	23.2
All Other Industries	1,890,560	259,200	13.7

Source: 1980 U.S. Census Public Use Microdata File
Prepared by: NYC Department of City Planning

INCOME AND TAX CONTRIBUTIONS

Data from the 1980 census show that the median income of foreign-headed households was about $1,500 less than that of native-headed households. For foreign-headed households, median income was $12,783; for native-headed households, $14,325.

As part of an effort to evaluate immigrants' fiscal impact on New York City, City Planning analysts estimated immigrants' contribution in New York City income and sales taxes. We were aware that immigrants, like most New Yorkers, pay far larger sums to the state and federal governments, but we were interested in local impact. Through a process that amounted to preparing tax returns for all households that answered the 1980 census, we estimated that immigrant-headed households contributed 24 per cent of the city's income taxes in 1979 (the year for which income questions were asked) and about 27 per cent of the city's sales taxes. Immigrant-headed households accounted for 28 per cent of the city's total households in 1980. That immigrant-headed households probably paid less than their 28 per cent "proportionate share" of the city's income taxes is a function of their lower than average incomes and the nature of the progressive tax structure. The estimates for city income tax are probably generalizable to state and federal income taxes as well.

USE OF PUBLICLY FUNDED SOCIAL PROGRAMS

It is impossible to talk with certainty about immigrants' use of publicly funded social programs in New York City because agencies do not computerize their data on clients' country of birth, and their caseloads are too large for manual analysis. It is possible, however, to make informed estimates based on census data, occasional surveys, and field experience.

City Planning has looked at the areas of education, health care and public assistance to estimate the use that immigrants make of these predominant social programs. To evaluate the impact of their service use, their estimated share of service costs was weighed against their share of the city's households, i.e., 28 per cent.

Like researchers in other jurisdictions, City Planning analysts found that immigrants had more dollar impact on education than on any other social program, but no more than their 28 per cent proportional share. If U.S.-born and foreign-born children of immigrants are both counted as "immigrant" children, then these children made up 27.3 per cent of the city's public school population in 1980. More than half of these children were born in the United States. The children of post-1965 immigrants made up three-quarters of the group.

Education is a comparatively expensive service for New York City since most children go to school and since the city pays about half the total cost, unlike public assistance, for example, for which the city's share is generally no more than one-fourth. Nevertheless, the presence of immigrant children in the public schools has not been viewed as a financial or social burden, and most New Yorkers seem to believe that dollars spent on education are a sound financial and social investment.

Our analysis of 1980 census data shows that foreign-born heads of household were just over half as likely to make use of public assistance as were native-born household heads. The percentages (for 1979) were 7.7 for foreign-born heads of household and 13.3 for native-born heads of household. Although immigrants were 28 per cent of the city's householders, they received only an estimated 13.6 per cent of all public assistance income, far below their proportional share. These data are consistent with occasional survey data and informed opinion from the city's Human Resources Administration, which administers several large income transfer programs.

Health care costs are the most difficult to estimate since there are no health items on the census questionnaire. Our cautious estimate is that in this area, immigrants represent just over their proportional share of the city's Medicaid and unreimbursed municipal hospital costs. Elderly immigrants are probably overrepresented among Medicaid users because a large cohort remains of the century's earliest immigrants. And the foreign-born are likely overrepresented among patients who lack health insurance or Medicaid. A 1983 survey of 631 uninsured in-patients showed that 219 or about one-third were foreign-born. Of the foreign-born, 81 were documented aliens or naturalized citizens, 10 held valid temporary visas, 79 were "definitely" undocumented, 10 were "probably" undocumented, and 39 were "possibly" undocumented. Of the definitely and probably undocumented, half were maternity cases and many of the rest also were short-term patients. The city's Health and Hospitals Corporation estimates that it forgoes about $21 million a year for care of its uninsured, undocumented in-patients, an additional $4 million a year for uninsured patients with valid temporary visas, and an unknown sum for uninsured, undocumented out-patients, whose contacts with the hospital system are often too brief to permit verification of their status.

New York City has no wish to deny medical care to anyone who needs it, but cost is a problem. In an effort to extend Medicaid eligibility to more of the alien population, and thereby to cut health costs, the city has joined a suit challenging the restrictiveness of the current Medicaid regulations. The primary argument is that the Medicaid statute makes no mention of alienage. A decision is expected soon.

Data from the New York City Police Department and from the state prison system suggest that foreign-born persons are underrepresented among arrestees and incarcerated convicts. It would be reasonable to assume, therefore, that immigrants are less costly to the criminal justice system than the native-born. Neither the police nor the prison system verifies alien status or birthplace, however, so the exact figures have to be taken with a grain of salt. But even assuming some underreporting, immigrants appear to be committing--or getting arrested for--proportionately fewer crimes than the native-born.

UNDOCUMENTED ALIENS

By definition, there are no hard data on undocumented aliens, but we have tried to sketch a profile based on the experience of immigration workers and researchers.

The Census Bureau demographer Jeffrey Passel estimates that about 200,000 undocumented aliens were included in the 1980 census figures for New York City. At City Planning we estimate that an additional 200,000 to 500,000 may have gone uncounted.

The characteristics of New York City's undocumented aliens seem to be markedly different from those of the South and West. Most of them become undocumented by overstaying valid tourist or student visas, not by crossing the border secretly. Most enter through Kennedy Airport, though some enter also at the Canadian and Mexican borders, or on the Florida coast. Most are Caribbean, not Central American, but no one ethnicity predominates. Passel's research suggests that New York's undocumented tend to be longer-term residents than the undocumented of California, Texas and New Mexico. They do not commute daily or seasonally; they take jobs with longer tenure, and they attempt to set down roots. Many have applied for resident visas and are waiting illegally in New York instead of legally at home.

We believe that our undocumented tend to be the brothers, sisters, uncles and cousins of legal resident aliens, living in the same households, often working the same jobs, especially at the lower end of the wage scale. There are probably more singles among them than married couples. Census interviewers may have counted more of the couples than singles since entire households are harder to conceal than single members who don't want to be listed in the household.

It is our impression that none of these undocumented aliens make much use of publicly funded social programs, except that the couples send their children to school, a fact for which we are grateful. We believe that the public assistance use rate among the undocumented is extremely low, lower than it is even among legal immigrants, and we believe that undocumented aliens avail themselves only very reluctantly of public health services to which they are entitled by law. We believe that they are rarely involved in crime. They do not pose grievous problems to the City of New York.

That is not to say that they pose no problems. It is a problem when large numbers of city residents are cut off from the political and institutional life of the city. It is a problem when they do not avail themselves of services that are necessary to protect their well-being and the well-being of all city residents. It is a problem when they work for minimal wages, in substandard working conditions. It is a problem when a federal law is so widely evaded. It is a problem when so many people want to live in the United States.

For all these reasons combined, the Mayor of the City of New York has supported an immigration bill that would pair employer sanctions with a limited amnesty, has committed the city not to report undocumented aliens simply for seeking public services, and has opposed issuance of a "sanctuary" declaration that might further erode the country's ability to control its immigration. On the one hand, the country must seek ways to limit future immigration; on the other hand, for entirely practical reasons if not humanitarian ones, it must protect the health and welfare of everyone who lives here.

IMPLICATIONS FOR THE FUTURE

New York City seems well able to absorb immigrants at the rate at which they are now entering the city. There seems to be room for them in the job market, in the institutional structure and in the infrastructure.

As the city's population ages, working-age immigrants are providing critical support for the Social Security system, as they are for small business ownership and neighborhood preservation. As the city evolves into primarily a service economy, it will be important to watch for match or mismatch between immigrants and the job market. We hope that immigrants continue to adapt themselves, as they have done until now, to the needs of the market without hardship to themselves or to native-born Americans.

The presence of large numbers of new immigrants in the city requires some accommodation from the human service system, in terms of language services, culture-appropriate services, and availability of medical care to those who cannot pay. A new social service need has developed with the increased complexity of the immigration law: low-cost paralegals are needed, either inside or outside of government, to assist immigrants in their efforts to reunite their families and to change or legalize their own status. Today's immigration law is no easier to negotiate without expert help than today's tax law.

Although immigrants are not high users of publicly funded social programs, New York City would require considerable federal assistance if new legislation were to grant amnesty to large numbers of undocumented aliens.

THE CITY OF NEW YORK OFFICE OF THE MAYOR EDWARD I. KOCH

Tel. 566-5090

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For Release:
Wednesday, July 17, 1985

STATEMENT BY MAYOR EDWARD I. KOCH

I oppose this year's immigration bill, S 1200, which was introduced in the Senate by Alan Simpson and still lacks a sponsor in the House. I supported last year's Simpson-Mazzoli immigration bill, but the bill never evolved to accommodate some essential concerns I expressed at the time. This year's bill is significantly different from last year's version in ways that are detrimental to New York City and its residents.

I supported two main features of last year's bill:

-- a program of sanctions against employers who knowingly hire undocumented aliens; and

-- an amnesty for undocumented aliens who could prove they had been living in the United States for a specified period of time.

In addition, I called for:

-- criminal sanctions against employers who used the law as a pretext for discriminating against legal workers; and

-- 100 percent federal reimbursement for local services to newly legalized aliens.

Neither of these two provisions made its way into the bill. I would not have supported a final version of the bill without them.

This year's Simpson Bill still does not contain criminal sanctions against employers who discriminate or 100 percent reimbursement to localities. And it is different from the original bill in other undesirable ways. In the original bill, the employer sanctions and amnesty provisions were to go into effect at the same time. Together, they might have reduced the continuing inflow of undocumented aliens by eliminating the draw of employment, and they also would have protected the status of undocumented workers who already were living and working here.

This year's Simpson Bill offers a phased approach: first employer sanctions, then amnesty. Amnesty would go into effect only after a federal commission determined that the new sanctions, coupled with improved border enforcement, has succeeded in controlling illegal entry and employment.

In essence, the phased approach affords no assurance that amnesty would ever happen, and it offers little protection for undocumented workers who are currently employed. Employers and employees alike would be hurt.

Although the Simpson Bill does not require employers to fire undocumented workers, it forbids new hires and rehires. Many undocumented aliens work in industries that are seasonal or cyclical; workers are hired and laid off as business demands. Without a simultaneous amnesty, undocumented workers cannot be rehired by their original employer, or newly hired by any other employer.

The phased approach exacerbates a problem that was inherent in the original Simpson-Mazzoli Bill and that was carried over into the Simpson Bill. Both bills exempt the Southwestern agricultural industry from the strictures of employer sanctions by permitting the growers to hire undocumented aliens as "temporary workers." No such provision was created to protect New York's industrial interests. The irony of the situation is that the strongest push for employer sanctions has come from the Southwest, and yet it is the Southwest that is exempted from the negative economic impact of employer sanctions, while New York bears the full brunt.

The phased approach makes more sense in the Southwest than it does in New York. The phasing theory assumes that if the jobs disappear, undocumented aliens will go back home. The daily border crossers of the Southwest may well do so. They can go home easily, cheaply and relatively painlessly since they are essentially transients.

New York's undocumented aliens can't go home so easily, nor would they wish to do so since they constitute a comparatively stable group of persons who have established roots in the city. Employer sanctions without amnesty might create a pool of unemployed workers in New York.

One intent of the Simpson Bill is to limit the number of aliens who would be eligible for amnesty by insuring adequate enforcement beforehand. But the phased approach could well have the opposite effect. By delaying the amnesty registration period, rather then starting and stopping it quickly, the bill would create an unintended "bonus" period during which more aliens could enter the country, establish themselves as residents, and perhaps acquire fraudulent documentation that would permit them to be approved for amnesty. A delayed amnesty might actually invite more illegal immigration.

Like the original bill, the Simpson Bill provides for stronger border enforcement. But a stronger Border Patrol would not help New York limit illegal entries since most of New York's undocumented aliens are persons who have overstayed their tourist or student visas. They are not people who cross the border secretly. What New York needs is an enormous strengthening of the Immigration and Naturalization Service computer system so that enforcement agents can keep track of students and tourists who never go home. There is no indication that the federal government will provide what New York needs in the foreseeable future.

The "substantial" improvements in enforcement that would be necessary to trigger the amnesty would be very difficult to document. It is not clear how they would be measured, or what would constitute sufficient evidence of effectiveness. There could be years of litigation on the issue, resulting, in effect, in a sanctions-only law. Amnesty might be delayed indefinitely.

The arrangements for cost reimbursements to states and localities in this year's bill are of even greater concern in New York than were last year's reimbursement proposals. Last year's bill provided a nationwide total of $1 billion per year over four years to reimburse localities for the cost of such services as education, health care and public assistance for amnestized aliens. This year's bill allots only $600 million per year. The city continues to be concerned that block grant funding may not cover New York City's actual costs.

I do not oppose the concept of immigration reform, but the formulations in this year's bill are not acceptable. The proper balance is yet to be struck.

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

MAYORAL MEMORANDUM

TO: To All Agency Heads

FROM: Edward I. Koch

DATE: October 15, 1985

SUBJECT: City Policy on Undocumented Aliens

New York City is home, we estimate, to somewhere between 400,000 and 750,000 undocumented aliens. For the most part, these aliens are self-supporting, law-abiding residents. The greatest problem they pose to the city is their tendency to under use services to which they are entitled and on which their well-being and the city's well-being depend.

For example, victims of crime, consumer fraud or workplace safety violations may decide not to report their victimization for fear that their presence in the city will come to the attention of immigration authorities. Persons who need medical care may decide not to seek it, some families may keep their children out of school, and adults may fail to avail themselves of ESL classes for the very same reason. It is to the disadvantage of all who live in the City if some of its residents are uneducated, inadequately protected from crime, or untreated for illness. This is true regardless of one's views on the propriety of unauthorized immigration. Undocumented aliens should not be discouraged from making use of those city services to which they are entitled; on the contrary, for the public weal, they should be encouraged to do so. Undocumented aliens will not avail themselves of city services as long as they fear that they will be reported to immigration authorities.

It is probably impossible to eradicate that fear, but the city can take steps to reduce it.

Federal law specifies that immigration control is the sole province of federal authorities. The city has no obligation to report undocumented aliens to immigration authorities except when such aliens are engaged in criminal activities, including attempts to obtain public benefits through the use of fraudulent documents.

It is the current policy of most city agencies not to report aliens to immigration authorities unless the alien has given signed permission for a status check or the alien appears to be engaged in some kind of criminal behavior. I want to reaffirm this as city-wide policy.

Furthermore, I want to make it clear that determinations of criminal activity or the use of false documents should not be made by line workers in city agencies. Each agency head should identify a person or office that is charged with receiving reports from line workers on aliens who are suspected of criminal misconduct. This designated person or office should make the determinations on how each case is to be handled. By November 15th, I would like to receive from you an indication of the person or office you have designated for this responsibility and a description of the procedures that will be used in determining when and where to report aliens who may be involved in criminal misconduct.

Enforcement agencies, like the Police Department and the Department of Correction, are both permitted and obligated to cooperate with the immigration authorities in apprehending aliens who are committing crimes. This memo is not intended to change their current practice. It is extremely important, however, that enforcement agencies do everything they can to assure crime victims that they will not be reported.

All agencies should be doing what they can to encourage law-abiding aliens to use those city services to which they are entitled under law. Many city services are available to undocumented aliens including health care, mental health care, education, libraries, police and fire protection, consumer protection, civil rights protection, and basic physical services. The rules and regulations governing the social service programs are sometimes quite complex, especially among the income transfer programs. We will release shortly a pamphlet explaining, for the line worker's information, which programs are available to each class of alien and which documents are needed to prove eligibility. Please make use of this material when you receive it.

In addition, we expect to prepare a flier for undocumented aliens that lists the city services to which they are entitled and assures them of the city's commitment not to report them to immigration authorities as long as they are leading law-abiding lives.

Not all of your city agencies have day-to-day dealings with undocumented aliens, but it is important to be aware of these issues, which become increasingly significant to the city as its population changes. Because of the growing importance of these matters, I created an Office of Immigrant Affairs (OIA) at the Department of City Planning last year. If questions arise in your agency on immigration issues, please feel free to consult with the OIA at 566-2944.

Many of you do have daily contacts with undocumented aliens, and I know you have made successful efforts to protect the rights of your undocumented clients. The purpose of this memo is to articulate for all city agenices the policies and procedures that many of you already have adopted.

Ed Koch

Immigrant Entitlements

Made (Relatively) Simple:
A Pamphlet for Agency Workers

A. What is this pamphlet going to do for you?

The immigrants standing before your desk have come to you for help. Perhaps they want financial assistance in meeting medical expenses, or perhaps they want daycare for their children. They don't know what they're entitled to, or how they can prove their entitlement.

Can you help them?

This pamphlet may answer that question. The chart on the other side of this sheet will let you identify:

- Government PROGRAMS available to New York City's immigrants.
- CATEGORIES of immigrants who are eligible for benefits.
- The DOCUMENTS that are needed to prove eligibility.
- LAWS, REGULATIONS and ADMINISTRATIVE GUIDELINES governing each entitlement.

NOTE: This pamphlet deals only with eligibility criteria that relate to immigration status. All public benefits have other eligibility criteria, such as financial need, that apply to immigrants and natives alike. This pamphlet focuses on criteria that are applicable only to immigrants.

NOTE ALSO: The programs described here are all administered by the City of New York. Exclusively federal programs, such as Supplemental Security Income (SSI) and Medicare, are not included.

B. A few words on immigrant categories

The policies and procedures governing immigrant entitlements are confusing to worker and applicant alike. There are many reasons for the confusion, first of which is that there are many categories of immigrants, each with its own entitlements and its own documentation.

The generic term **IMMIGRANT** refers to foreign-born persons who have come to the United States to live. Many immigrants become NATURALIZED CITIZENS, and their entitlements are the same as any other citizen's. Immigrants who have not yet become citizens are called ALIENS. Only certain categories of aliens are eligible for public benefits, and each category has its own set of documents that shows its alien status. The chart lists the main alien categories and the documents that go along with them.

For the purpose of determining entitlements, aliens fall into three main groups:

PERMANENT RESIDENT ALIENS have received permission to live in the United States permanently and to become citizens in time. Commonly called "green card holders," they are the aliens closest to citizenship.

Other aliens residing in the United States "UNDER COLOR OF LAW" are aliens who are known to the immigration authorities and whose extended presence in the United States is sanctioned by those authorities, although they have not become permanent resident aliens. Included in the "under color of law" group are such categories as refugees, Cuban/Haitian entrants, asylees, parolees, and even some undocumented aliens who have lived in the United States for many years, or who are involved in proceedings with the U.S. Immigration and Naturalization Service. It is this group whose entitlements are most confusing because each benefit program has its own definition of which aliens fall into the "under color of law" category. The chart specifies how each program defines "under color of law" when the definition is used to determine eligibility.

UNDOCUMENTED ALIENS are foreign-born persons who are not known to the immigration authorities because they entered the country secretly, and other aliens who have no current authorization to be in the United States. Even undocumented aliens are entitled to some benefits if they are residents of New York City.

This pamphlet includes one group of residents who aren't immigrants at all, namely, the U.S.-born children of immigrants. Their entitlements have been an area of confusion for agency workers. The fact is that children born in the United States are U.S. citizens, and they have all the rights of citizens, regardless of whether their parents are native-born Americans, naturalized citizens, documented aliens or undocumented aliens.

By and large in New York City, income assistance programs are available only to naturalized citizens, permanent resident aliens, and other aliens permanently residing in the United States "under color of law." Of the soft service programs, like daycare, some offer service to all immigrants, regardless of immigration status; others are restrictive. In a few instances, programs are designed specifically for one segment of the immigrant population, such as refugees, and are available to no one else, not even citizens.

C. How the system got to be the way it is

The confusion in alien entitlements started with a lack of coordination between immigration law and social service law. Immigration law set up immigrant categories for the purpose of regulating admissions to the United States; then social service law uses those categories, in its own way, to define immigrant entitlements. This transfer of purpose creates problems of interpretation.

The next layer of confusion comes from social service law itself. Because the entitlement rules evolved piecemeal, rather than from one comprehensive policy decision, they are inconsistent from agency to agency and even from program to program.

The final layer of confusion derives from intermittent court challenges, which produce changes in the way the rules are written and understood.

This pamphlet offers a picture of policy and practice at one point in time—September 1985. The pamphlet will be updated as new rules develop.

D. Some legislative history

Starting in 1972, the federal and state governments began to restrict entitlements for some categories of aliens, that is, for some immigrants who were not naturalized citizens. Before then, alien status had virtually never been mentioned in social service law. In 1972, the federal government took steps to bar undocumented aliens from SSI and subsequently from other entitlement programs. It did so by conferring benefits only upon citizens, permanent resident aliens, and other aliens permanently residing in the United States "under color of law." The category "under color of law" was not defined. It was clear that the government wanted to exclude undocumented aliens from some federal benefit programs, but it was not clear who was to be considered an undocumented alien.

Unlike undocumented aliens, permanent resident aliens and aliens here under color of law have not been barred outright from any government programs. Ironically, however, the financial eligibility criteria for some permanent resident aliens have been made stricter than for any other alien or citizen group. In applying for cash assistance or Food Stamps, those permanent aliens who have sponsors are required to count part of their sponsor's income and resources among their own financial assets during their first three years in the United States. A sponsor is someone who signs an affidavit of support for an alien to assist the alien in obtaining permanent resident status from U.S. immigration authorities. A relative or prospective employer who petitions for an alien's admission to the United States is NOT considered a sponsor unless the petitioner signs an affidavit of support.

The rules on the sponsor's income and resources, called "deeming" provisions in welfare law, are currently being challenged in New York State on the grounds that the State Constitution mandates assistance for all needy residents applying for state benefits. Similar "deeming" provisions in the federal laws have not been challenged in court.

"Deeming" provisions have not been incorporated into the Medicaid rules and do not apply to aliens' Medicaid eligibility unless the sponsor's income and resources are actually contributed to the applicant. For cash assistance and Food Stamps, however, the sponsor's income and resources are counted even if the sponsor does not actually contribute to the applicant's support.

Aliens here under color of law, such as refugees, asylees and parolees, are often in the best position to obtain cash assistance. They have a clear, approved immigration status, and they face no requirement to count a sponsor's income or resources.

EVOLUTION OF ALIEN ENTITLEMENT RESTRICTIONS

Undocumented Aliens

1972: Congress creates SSI program and confers benefits only on citizens, permanent resident aliens, and aliens "permanently residing in U.S. under color of law."

1974: When regulations are promulgated to implement new law, undocumented aliens are denied AFDC and Medicaid benefits as well as SSI.

New York State Legislature denies state-funded cash and medical assistance to aliens "unlawfully residing" in the state.

1976: State regulation bars undocumented aliens from "soft" service programs like daycare.

1978: Undocumented aliens are barred from federal Food Stamp program.

Permanent Resident Aliens

1980: Congress restricts SSI benefits for permanent resident aliens during their first three years in the U.S. by requiring that a portion of their sponsor's income and resources be taken into consideration in determining eligibility (a "deeming" provision).

1981: A "deeming" provision is added to the AFDC statute.

"Deeming" provisions are incorporated into state-funded cash assistance programs.

1982: A "deeming" provision is incorporated into federal Food Stamp program.

1984: For AFDC purposes, federal government now views the income of organizational sponsors, not just individual sponsors, as resources "deemed" available to applicants who are permanent resident aliens.

Message from the Mayor

Immigrants have been a vital part of New York City since the 17th century. Now more than a quarter of the city's population, they are a resource that never loses its value.

Immigrants are sturdy and self-sufficient people, but even they sometimes need help. When they do, New York City is committed to providing it, at the highest level allowed by law.

I created the Office of Immigrant Affairs to make sure that the city was keeping faith with this important segment of our population. This pamphlet, produced by the Office, is an article of that faith.

Ed Koch

Edward I. Koch
Mayor

Glossary

ALIEN: A person who is present in the United States but is not a United States citizen.

ALIEN REGISTRATION RECEIPT CARD: An INS document that certifies lawful permanent resident status. Commonly called the "green card" because it used to be green; it is now blue and white. INS Form #I-151 or I-551.

ASYLEE: An alien who has received permission to remain in the United States based on a "well-founded fear of persecution" should the alien return to the native land. A prospective asylee applies for this permission from U.S. soil, unlike a refugee, who applies from abroad.

CALLAHAN v. CAREY: A court challenge on behalf of homeless men that claimed New York City and State were not meeting their obligations under the State Constitution to care for the needy. In a 1981 consent agreement, city and state agreed to provide shelter for all homeless men who met the eligibility requirements.

CONDITIONAL ENTRANT: The technical term for refugee before the Refugee Act of 1980 was passed.

CUBAN-HAITIAN ENTRANT: An immigration status created in 1980 by President Carter for the 139,000 Cubans and Haitians who entered the country that year in a massive boat lift to the shores of Florida.

EXTENDED VOLUNTARY DEPARTURE: A temporary postponement of an alien's required departure from the United States, granted only if the alien's homeland is on a State Department list of nations viewed as too dangerous to return to at the present time.

I-94: The INS control document that records every alien's arrival in, and departure from, the United States. It identifies the period of time for which the alien is admitted, and the alien's immigration status.

INDEFINITE STAY OF DEPORTATION: A permanent suspension of a deportation order, granted rarely and only to aliens who can prove "extreme hardship" should they be deported, and good moral character.

IMMIGRANT: In INS terminology, an alien admitted to the United States as an actual or prospective permanent resident; an alien with the right to become a citizen in time. In common language, an alien living here permanently.

IMMIGRATION AND NATIONALITY ACT (INA): The current immigration law.

IMMIGRATION AND NATURALIZATION SERVICE (INS): The federal agency that administers immigration law, located in New York City at 26 Federal Plaza, Manhattan.

NATURALIZATION: The act of becoming a citizen.

NON-IMMIGRANT: In INS terminology, an alien who is authorized to be in the United States only temporarily and for a specific purpose; for example, a college student.

PAROLEE: An alien who has been given permission to enter the United States under emergency conditions or when that alien's entry is considered to be in the public interest.

PERMANENT RESIDENT ALIEN: An immigrant authorized to live and work in the United States indefinitely, and eventually to apply for citizenship.

PLYLER v. DOE: A Texas case in which the U.S. Supreme Court struck down a law denying public education to undocumented children. (1982)

RE-ENTRY PERMIT: An INS document that allows a permanent resident alien to be readmitted to the United States if he or she leaves the country temporarily.

REFUGEE: An alien admitted to the United States based on a "well-founded fear of persecution" based on race, religion, nationality, or social or political ties. Differs from an asylee mainly in that a refugee applies for admission from a "country of first asylum" outside the United States, whereas an asylee applies from U.S. soil.

RUIZ v. BLUM: A court challenge to a New York State regulation denying daycare services to the children of undocumented aliens. The court identified the client as the child, not the parent, and ruled that *citizen* children of undocumented aliens could not be denied service. (1982)

SPONSOR: A term in welfare law referring to a person or organization that assisted an applicant for admission to the United States by guaranteeing support for the applicant's first three years in the country. Immigration authorities sometimes require affidavits of support when an applicant seems likely otherwise to become a public charge. Not all applicants are required to present such affidavits, so not all have sponsors.

TOLL v. MORENO: A court case on the right of non-immigrant alien students to apply for resident college tuition. In 1982, the U.S. Supreme Court decided that the state of Maryland could not automatically disqualify non-immigrant applicants on the basis of their visa status.

"UNDER COLOR OF LAW": An ambiguous term used in social service law to refer to aliens who are not permanent residents of the United States but who have certain rights under social service law.

UNDOCUMENTED ALIEN: An alien who has no current authorization from immigration authorities to be in the United States.

Entitlement Chart

AGENCIES AND PROGRAMS	WHO IS ELIGIBLE?	PROOFS OF ELIGIBILITY	LAWS AND REGULATIONS
INCOME ASSISTANCE PROGRAMS **HUMAN RESOURCES ADMINISTRATION** **Income Maintenance** Aid to Families with Dependent Children (AFDC) Home Relief Emergency Assistance to Adults Emergency Assistance to Families	Naturalized citizens	U.S. passport Naturalization certificate	**Key to legislative acronyms** ADM—Administrative Directive CFR—Code of Federal Regulations MB—Manual Bulletin **Federal** Social Security Act Refugee Act of 1980 Regulations 45 CFR 233.50-.52, 400.62, and 401.12 **State** NYS Social Service Law 131-K NYS Regulations 349.3 and 352.33 State Directives: 82 ADM 24 81 ADM 55 81 ADM 32 81 ADM 1 80 ADM 37 **City** IM Procedures Manual pgs. 40, 41, 41a, 41b, 85, 86, 140, 141
	Permanent resident aliens; individual or organizational sponsor's income and resources are considered in determining eligibility for three years after entry	INS alien registration receipt card I-151 or I-551 ("green card") Re-entry permit	
	Aliens permanently residing in U.S. "under color of law," defined by Income Maintenance as: refugees asylees parolees Cuban-Haitian entrants (status pending) conditional entrants	INS document I-94 stamped refugee (207), asylee (208), parolee (212(d)(5)), Cuban-Haitian entrant (status pending), conditional entrant (203(a)(7))	
	persons in U.S. since 1948	Proof of residence in U.S. since 1948	
	persons granted indefinite stay of deportation by INS	INS document showing indefinite stay of deportation	
	persons with "extended voluntary departure" from INS	INS document showing "extended voluntary departure" (243(h))	
	persons residing in U.S. with knowledge and permission of INS	Any correspondence with INS	

Medicaid	Naturalized citizens	U.S. passport Naturalization certificate Vcter registration card	**Federal** Refugee Act of 1980 Regulation 42 CFR 435.402 Regulations 45 CFR 400.62 and 401.12 **State** NYS Social Service Law 131-K NYS Regulation 349.3 State Directives: 82 ADM 24 81 ADM 32 81 ADM 1 81 ADM 55 80 ADM 37 **City** MAP Procedure 499 (revised) 9/19/83 MAP Informational Order 048406R, 4/9/84
	Permanent resident aliens; sponsor's income and resources are NOT considered unless they are actually contributed to the applicant	INS alien registration receipt card I-151 or I-551 ("green card") Re-entry permit	
	Aliens permanently residing in U.S. "under color of law," defined by Medicaid as: refugees asylees parolees Cuban-Haitian entrants (status pending) conditional entrants	INS document I-94 stamped refugee (207), asylee (208), parolee (212(d)(5)), Cuban-Haitian entrant (status pending), conditional entrant (203(a)(7))	
	persons in U.S. since 1948	Proof of residence in U.S. since 1948	
	persons granted indefinite stay of deportation by INS	INS document showing indefinite stay of deportation	
	persons with "extended voluntary departure" from INS	INS document showing "extended voluntary departure" (243(h))	
		Medicare card, SSI award letter, PA/MA card	
Food Stamps	Naturalized citizens	No documents required	**Federal** Food Stamp Act Regulations 7 CFR 273.4 and 273.11 **State** State Directives: 81 ADM 32 82 ADM 24 **City** Food Stamp Office Operational Handbook, pgs. 125-30
	Permanent resident aliens; individual sponsor's income and resources are considered in determining eligibility for three years after entry	INS alien registration receipt card I-151 or I-551 ("green card")	
		INS document I-181-B (evidence that adjustment of status to permanent resident is pending)	
	Refugees Asylees Parolees Cuban-Haitian entrants (status pending) Conditional entrants	INS document I-94 stamped refugee (207), asylee (208), parolee (212(d)(5)), Cuban-Haitian entrant (status pending), conditional entrant (203(a)(7))	
	Persons in U.S. since 1948	Proof of residence in U.S. since 1948	
	Persons granted indefinite stay of deportation by INS	INS document showing indefinite stay of deportation	
	Persons with "extended voluntary departure" from INS	INS document showing "extended voluntary departure" (243(h))	

SERVICE PROGRAMS

HUMAN RESOURCES ADMINISTRATION

Home Care	Medicaid-eligible immigrants	Same as Medicaid	Same as Medicaid
Adult Services Title XX Defined Services Includes such programs as: Extended Services Program Senior Centers Battered Women's Program Borough Crisis Centers	Same as Income Maintenance programs	Social Security number	Federal Refugee Act of 1980 NYS Social Service Law 131-K NYS Regulations 349.3, 403.7, and 351.1 State Directives: 81 ADM 32, 82 MB 25, 80 MB 24 (Bulletin 195)
Family Homes for Adults Voluntary and Proprietary Homes for Adults	Same as Income Maintenance programs	Social Security number	Same as Title XX Defined Services
Shelter Care for Homeless Men, Women, and Families	All immigrants	No documents required	1981 NYC Consent Decree in Callahan v. Carey
Protective Services for Adults Information and Referral	All immigrants	No documents required	NYS Social Service Law 131-K NYS Regulations 349.3, 403.7, and 351.1 State Directive 80 MB 24 (Bulletin 195)
Family and Children's Services Family Homemaker Program Services to Pregnant Minors Case Management and Assessment Family Planning	Same as Income Maintenance programs	Evidence of approval for Income Maintenance or Medicaid	Same as Title XX Defined Services
Unaccompanied Refugee Minor Program	Persons under 18 lawfully admitted to U.S. as refugees or Cuban-Haitian entrants, with no known adult relatives in U.S.	INS document I-94 stamped refugee or Cuban-Haitian entrant	Same as Title XX Defined Services as well as Federal Action Transmittals SSA-AT-79-04 and ORR-AT-80-7 State Directive: 79 ADM 54 SSC Procedure 44
Protective Services for Children Foster Care Preventive Services	All immigrants	No documents required	Same as Title XX Defined Services
Day Care Centers for Children	U.S. born children Children with legal status	U.S. birth certificate, and if not, one of the following: Certificate of citizenship Certificate of naturalization U.S. passport INS document I-179 (ID card for use of resident alien in U.S.) INS document I-197 (U.S. citizen ID card) INS alien registration receipt card I-151 or I-551 ("green card") INS document I-94 stamped refugee (207) Re-entry permit	Same as Title XX Defined Services as well as **Court Decision** 1982 U.S. District Court Decision in Ruiz v. Blum State Directive 84 ADM 34

Community Development Agency	All immigrants	No documents required	None
Department of Employment Job Training Partnership Act (JTPA) Program	Same as Income Maintenance	Immigration document stamped "authorized to work"	Federal Refugee Act of 1980 Job Training Partnership Act NYS Department of Labor Bulletin Regulations NYS Department of Labor Transmittal SD-4-84 State Directive 82 MB 25
Targeted Assistance Program	Refugees Cuban-Haitian entrants (status pending) Permanent resident aliens with prior status as a refugee or entrant	INS document I-94, either current or expired, stamped refugee (207) or Cuban-Haitian entrant	Federal Refugee Act of 1980 State Directive 82 MB 25
DEPARTMENT OF HOUSING PRESERVATION	All immigrants except students on non-immigrant (temporary) visas	No documents required	U.S. Department of Housing and Urban Development (HUD) Letter, 9/24/84
CITY UNIVERSITY	**FOR ADMISSION:** Open admission in effect for all resident immigrants who are high school graduates; foreign students with non-immigrant visas must present additional academic credentials	No documents required for admission	
	FOR RESIDENT TUITION:	Evidence of residence in NYC for past 12 months, plus evidence of intent to reside permanently and one of the following:	**For Resident Tuition:** **Court Decision** 1982 U.S. Supreme Court decision in Toll v. Moreno **City** Resolution of the Council of President of the City University, 5/2/83 Memoranda from the Office of General Counsel and Vice Chancellor for Legal Affairs, 3/3/83 and 10/7/83
	Permanent resident aliens	INS alien registration receipt card I-151 or I-551 ("green card")	
	Refugees Asylees Parolees Cuban-Haitian entrants (status pending) Conditional entrants	INS document I-94 stamped refugee (207), asylee (208), parolee (212(d)(5)), Cuban-Haitian entrant (status pending), conditional entrant (203(a)(7))	
	Applicants for any of the above categories with employment authorization	INS document I-94 stamped to show that adjustment of status to permanent resident is pending and that employment is authorized Employment-authorized application for asylum or refugee status	
	Children of diplomats on long-term assignments	Proof of parent's long-term assignment	

	FOR FINANCIAL AID:		**For Financial Aid:** **Federal**
	Permanent resident aliens Refugees Asylees Parolees Cuban-Haitian entrants (status pending) Conditional entrants	Same as for resident tuition except for last two items INS document I-181-B (evidence that adjustment of status to permanent resident is pending)	20 U S. C. Section 1070(a)(b), 1071, 1087(aa) Regulations 45 CFR 190.4, 176.9, 174.9, 177, and 177.201
	Persons with INS authorization for extended stay	INS documentation authorizing extended stay	
HEALTH AND HOSPITALS CORPORATION	All immigrants	No documents required (except for Medicaid applicants)	None
DEPARTMENT OF HEALTH	All immigrants	No documents required	None
BOARD OF EDUCATION	All immigrants	No documents required	1982 U.S. Supreme Court Decision in Plyler v. Doe 1978 NYC Board of Education Policy Directive
DEPARTMENT OF THE AGING	All immigrants	No documents required	None
DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION, AND ALCOHOLISM SERVICES	All immigrants	No documents required	None

Representative SCHEUER. Thank you very, very much.

All right. Prof. Frank Dunn, Department of Psychology, Florida International University. Please informally chat with us for about 10 minutes and then we will have some questions for you.

STATEMENT OF MARVIN DUNN, PROFESSOR, DEPARTMENT OF PSYCHOLOGY, FLORIDA INTERNATIONAL UNIVERSITY

Mr. DUNN. Mr. Chairman, my name is Marvin Dunn, I might correct you.

Representative SCHEUER. Oh, I have Frank Dunn. I'm very sorry.

Mr. DUNN. Someone made an error.

Representative SCHEUER. I apologize.

Mr. DUNN. That's quite all right.

Thank you very much for the opportunity to speak this morning.

I can't help but address the comment you made earlier about the empty chairs in front of the room. Down in Florida, Mr. Chairman, we have an old-fashioned practice that when we invite somebody to stop by the house for a chat we tend to be at home. Maybe they do it differently here in Washington.

Representative SCHEUER. Could you pull the mike a little closer? I didn't hear that.

Mr. DUNN. I said we have an old-fashioned practice down in Florida, Mr. Chairman. When we ask somebody to stop by for a chat we tend to be at home. They do it a little differently here in Washington. This is the third time I've testified on the Hill and it's usually just one or two Members, and I just couldn't help but comment on that as we start off this morning.

Representative SCHEUER. Well, I regret, as I've said before, that more of my colleagues haven't had a chance to have listened to this very, very fine set of testimony this morning.

Mr. DUNN. The analogy I'd like to use in Miami is one of a house that's a bit overcrowded. If you begin in 1959 when the first refugees from Cuba came to Miami, it was as if the people of Miami lived in this great house and the members of the household had their problems, as families tend to have. The privileged leaders of the house lived up front in the big spacious rooms. The favorite children lived in various rooms throughout this crowded house. And in the back of the house in the smallest, most crowded, most dimly lighted, least well-kept rooms lived the members of the family who were not so favorite, the ones who the family leaders up front weren't anxious to show off to the visitors.

There was squabbling and fighting in this house and despair in the back rooms. There were old people and sick people and dangerous people in those back rooms.

Then the guy who runs the block says, "Well, a few friends are going to stop by for a while, about a half a million of them. And guess what, you people who live in the Miami house, most of them are going to stay with you. But, but, but," we said, "don't worry about it," the guy who runs the block said, "This is the American thing to do." And so we do it.

Now the guests don't move into the front rooms of this house, Mr. Chairman. They don't move into the rooms of the favorite children. They move into those crowded rooms in the back of the house and things in the house that is Miami get a little tight.

For one thing, some of the folks in the back rooms say, "But, but it's our turn. We were just beginning to move into some of those favorite rooms. The help you promised to us is going to our guests.

"Well," the guy who runs the block says, "It's the American thing to do."

And then a strange thing starts to happen. The guests start leaving the back rooms and move closer to the front. The long-time residents who mow the grass and clean the house and babysit the kids not only see themselves left behind, they perceive that it is at their expense.

Fortunately, the people who live in the house that is Miami are very long-suffering people. They adjust to the reality of their existence. New Americans now come in through their doors, not New York's. It is a matter of geography and politics. And so we adjust until it starts to happen all over again.

This time it gets so bad that the new guests literally sleep out in the yard. These new guests are darker and poorer and they come in sick and frightened and there are many, many of them from Cuba and Haiti principally. And Miami must adjust again and again. And they say no one can see an end to it. The guy who runs the block says, "It's not my job."

Representative SCHEUER. They're darker and poorer and younger and I suppose they are less skilled and less literate.

Mr. DUNN. Yes, sir, precisely.

Representative SCHEUER. And that's a part of the mix isn't it?

Mr. DUNN. Yes, sir.

Representative SCHEUER. And without English language skills and without job skills?

Mr. DUNN. Yes. Now you want to know what the effect has been. This is the headline I woke up to this morning in the Miami Herald, "Mariel Felons Moving From Krome," another riot at the Krome detention center in Miami. If you don't live in Miami it shouldn't be a matter of any interest to you. If you do, you get used to this sort of thing.

Representative SCHEUER. Would you repeat that again. I didn't hear that.

Mr. DUNN. Certainly. The headline of the Miami Herald this morning, "Mariel Felons Moving From Krome, Transfer Ordered After Disturbance." Last night the men's dormitory was burned down in a riot.

Representative SCHEUER. Mariel felons? That's from the Mariel boat lift of 1980?

Mr. DUNN. Exactly.

Representative SCHEUER. I should say the infamous Mariel boat lift.

Mr. DUNN. Yes; you should say that. In any given month there are 350 to 400 Mariel entrants in the Dade County Jail. As of May 10, there were 510. The Federal Government has left the bill for feeding, housing, and trying these individuals in the laps of the people of Dade County.

Our public hospital receives about $6 million a year from the Federal Government, exclusively to be used to treat Mariel and

Haitian refugees. The cost to the public hospital is $850,000 to $1.6 million a month to attend to these people alone. The people of Dade County pay the difference.

Targeted assistance at $60 to $65 million a year that we receive from the Federal Government to help our refugee problems is hardly sufficient to repay the people of our area for the refugee-related costs.

The President has attempted to eliminate targeted assistance from the Federal budget—"It's not my job."

Since I was asked to speak on the question of impact of immigration policies on my home State, let me address the matter directly. In a word, it has been disastrous. Beyond this, it has been embarrassing, as some of us out there in the hinterlands believe that the actions of our Government with respect to immigration policies are beneath the standard of public policy one would expect of a great power such as the United States.

This current confused, insensitive, convoluted, self-defeating myopic policy barely escapes contempt.

Representative SCHEUER. Professor Dunn, are you speaking of the executive branch or of the Congress or both of the above?

Mr. DUNN. Both, and the courts as well, sir.

Representative SCHEUER. And the courts as well.

Mr. DUNN. I have come to this somewhat less than neutral view after having lived and worked as a social scientist in Miami for a good many years. I was raised there in one of those back rooms.

There are three impacts of current policy which are addressed in my prepared statement. First, competition among illegal immigrants and refugees and desperately poor Americans for dwindling resources has intensified, especially as it affects services provided to the poor. In terms of relative numbers and income levels, I should point out that the new poor in Miami are now Hispanics. Today, over 60 percent of the people served by our community action agency are Hispanics and Haitians.

Haitian demands for health care services rose from 12 to 30 percent of all clients served at public expense between 1979 and 1982. Today, it is probably considerably higher.

Second, racial and ethnic tensions in various regions of the country are being strained. Cities like Miami long ago reached the point where many people are now demanding, unfortunately, exclusionary policies. One of the main reasons for this I think is the tension which is raised in some by the perception of favoritism in immigration law. While those escaping Castro were welcomed as heros, those who run from "Baby Doc" are turned back on the high seas by the U.S. Coast Guard.

Finally, the question of economic displacement. On that question the jury is still out. According to aggregate data, most blacks in Miami do not appear to be economically displaced by the new arrivals, but the data are misleading or can be misleading. The poorest blacks, those who can't find jobs while more recent arrivals do, find it very difficult to accept the idea that they have not been displaced by the labor market.

In closing, folks up here in Washington have heard all of this before. I'm not the first Miamian to raise these points. The people of Florida are no less generous, no less caring, no less hospitable than Americans of any State; but in terms of immigration, we have been made to bear more than our fair share of the burdens of this world, usually without as much as a "Thank you, please."

Instead, what we hear from Washington is, "It's not my job."

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Dunn follows:]

PREPARED STATEMENT OF MARVIN DUNN

Opening Statement

Upon occasion some of us in the hinterlands of this nation, removed from the bowels of the federal government, are asked to state our views on matters affecting national and even more rarely,international policy. This is now the case and my distinct honor in the instance of the invitation given to me by the staff of the Joint Economic Committee's Subcommittee on Economic Resources, Competitiveness, and Security Economics, chaired by Congressman James H. Scheuer of New York.

The invitation asked that I testify on certain matters related to the impact of immigration policy on the various states focusing upon my home state Florida, one of the critical areas of the nation with respect to the current crisis in immigration.

Since I was requested to speak to the question of what has been the impact upon the states of our current polices on immigration, let me address that matter directly. It has been, in a word-disastrous. Beyond this, it has been embarrassing as some of us sincerely believe that some of the actions of our government in regards to immigration ~~was~~ are beneath the standard of public policy which one expects of a great national power such as the United States. This current confused, insensitive, convoluted, self-defeating, myopic policy barely escapes contempt.

I have come to this somewhat less than neutral view after living and working for many years as a social scientist at Florida International University in Dade County, Florida, one of the most abused sections of the country with respect to the actions of the United States government vis-a-vis immigration policy and its effects.

The drum beat of resentment by local and state leaders has been consistently played to deaf ears in Washington for more than two decades as the citizens and public officials of some of the hard hit sections of the nation have begged for federal relief. What we have witnessed instead has been the gnashing of teeth and the wringing of hands as our national legislature, executive branch and federal courts continue their discordant dance around one of the most pressing matters of public policy to confront this nation today -- who comes and who stays?

It is not surprising in this age of federal miserliness to learn that federal impact funds are not coming in sufficient amounts to reimburse the states and local communities for the often sudden and substantial drain upon local resources as hundreds of thousands of refugees and illegal immigrants have swarmed across cities and states of various regions. (The effect has been a dramatic increase in the cost of local government with respect to the provision of the basic services citizens have come to expect).

At a time when there is a concerted effort to balance the national budget such federal refusals are almost understandable although hardly acceptable. What is unacceptable is what appears to be the presumption of the federal government that its obligation to help local communities which are negatively effected by its immigration policies, is transistory and limited. Certainly there is considerable divergence of opinion as to the limit and extent of federal involvement and responsibility.

To many observers in the hinterlands it appears that the basic response of the federal government has been a grudging, half-hearted pacification in the manner of parents disdaining the annoying demands of what they perceive as their unreasonably demanding children.

In considering the impact of national policies the usual focus is upon various economic or political effects. A consideration of psychological effects is rare. In such an emotionally tinged area as immigration policy, it is all together appropriate to consider such effects particularly before a subcommittee of the Congress which is concerned with competitiveness, among other matters. This writer's background is that of a community psychologist who examines the psychological, economic, social and political effects upon communities, of the prevailing social issues and problems of the day. The reader will note an emphasis on psychological effects as well as economic aspects of the problem.

Impact of Immigration

Specific Impacts upon the States

With respect to specific impacts of current immigration policy upon the states, the following is suggested:

1. Competition Among Illegal Immigrants and Refugees and Desperately Poor Americans for Dwindling Locally Provided Human Services Has Intensified. Illegal immigrants and refugees do not ordinarily arrive here rich. They are desperately poor people who come to live with or next to Americans who are also very poor. They do not move in next to the White House. They do not move in next to members of the Congress. They move in next to people who have nothing. The result is inter-group frictions and tensions and competition for limited resources. This is especially true with respect to the utilization of public facilities such as hospitals, health clinics, schools, public housing, emergency relief support and general welfare services. The almost cavalier approach of the federal government is to provide impact assistance funds to the states and communities for a relatively brief period and then to take the quickest exit available leaving the local communities to resolve the long term effects on an ad hoc basis.

Peter Jensen Hill, in his 1970 doctoral thesis, "The Economic Impact of Immigration Into The United States, noted that the flood of immigrants in the late 1800's certainly increased governmental cost at the federal and local levels. "If we assume that educating all foreign born would have increased high school costs by the same proportion that it increased elementary school costs, 24.2 per cent, the total government spending bill would have been 3.45 per cent higher if the immigrants had been educated here and the state and local spending would have been 6.00 per cent. <8> See bibliography

According to Robert Bernal, the Dade County official who is responsible for monitoring the spending of federally provided funds for immigration and refugee relief, since 1982 Dade County has received about 60 million dollars of so-called targeted assistance funds,. The bulk of these funds has been used in providing support for health care, day care, employment assistance, mental health and social services (for "entrants" who have been arrested). By far health care is the most costly.

The county's public hospital (Jackson Memorial) receives about 6 million dollars of targeted assistance funds. The hospital spends about $850,000 to $1,600,000 per month on immigrants and refugees alone.

In any given month Dade County has 350 to 450 Mariel entrants in jail. On May 10th of this year there were 510 Mariel refugees in the Dade County jail. The people of Dade County pay for the feeding and sheltering of these people and for all costs associated with their trials. <1>

The President has proposed eliminating targeted assistance from the federal budget.

As reported by this author at a recent conference in Florida on the effects of immigration on the state, in 1982, over 60% of the clients in Dade County who received CAA (Community Action Agency) services were Hispanic or Haitian. The most acute needs in child care services are in areas of Dade County which have been most directly impacted by immigrants (Liberty City, a major black area, Edison-Little River, where most Haitians have settled, and Little Havana, where Cuban immigrants have established themselves). According to the county department of Human Resources, there are thousands of children on the waiting list for day care. This, at a time when the country faces drastic reductions in federal support for day care and other substantial financial problems. Dwindling resources and increased demands for many kinds of services including health care, especially from the rising number of Hispanic poor, has resulted in complaints from blacks of longer lines and much longer waits. <2>

The demands for emergency assistance in Dade County (short term emergency assistance to applicants who are sick and/or poor), show a significant drop (-17%) for blacks between 1980 and 1982 while Hispanic demands for assistance increased by more that 100%. Non-Hispanic whites showed a 34% decrease in their demand for emergency assistance. This index of an area's most economically threatened group supports other data which suggests that it is Hispanics not blacks who are most at risk in Dade County and reflects a significant influence of immigration effects on the south Florida area.

According to Dade County's Public Health Department, the influx of refugees into the county has negatively impacted blacks and whites. Since the department's policy is to serve those who are most at risk first, the result has been a dramatic increase in public health services to Haitians. Haitian immigrant demand for public health services have risen from 12% to 30% of all clients served between 1979 and 1982 in the infant nutrition program, for example. Since the total number of people served has not increased significantly during this period, this means that the number of patients in other ethnic groups has been proportionately diminished. Presumably this has resulted not because of a decrease in need but because of displacement by immigrants and refugees. <2>

Between 1970 and 1980 Dade County's percentage of overcrowded housing units declined from 13.7% to 12.1%. The Mariel and Haitian immigrations since the 1980 census almost certainly reversed this trend. The increased shortage of suitable, affordable rental properties as a result of the Mariel and Haitian immigrations into Dade County very likely has put these recent arrivals in direct competition for housing with blacks who are over represented among those who live under crowded conditions in south Florida. The immigrants have tended to settle in neighborhoods which are contiguous to the area's black communities. With respect to trends in public housing for the elderly in Dade County, a continuing shift toward more Hispanic and less non-Hispanic white, with black proportions remaining about the same, is anticipated. This according to the county's department of Human Resources. <2>

According to Kenneth F. Johnson in his book, Illegal Aliens in the Western Hemisphere, two refugee groups, "boat people" or Southeast Asian refugees and "Mariels", demanded quick absorption into mainstream America causing some resentment among some American citizens. "In the small California town of Arvin (home of the DiGorgio Farms) for example, the refugees made demands on their own church sponsors for better household goods and were even moving into rental housing traditionally reserved for the native Mexican Americans population". <3>

2. Racial and Ethnic Tensions in Various Regions of the Country Are Being Strained. One impact of immigration policy upon the states has been to initiate and prolong racial and ethnic tensions among various groups of Americans in several regions who identify to some degree with one or another of the groups of illegal immigrants and refugees. As it is and without the help of the federal government, there has always been, sufficient ill-will between local American citizens and immigrant groups when the number of newcomers has reached a critical mass. Miami, New York City, and Los Angeles for example, reached that point some several years ago and yet these cities remain communities in continuous distress in part as a result of our nation's immigration policies and the failure of the federal government to control our borders.

A great many citizens have lost confidence entirely in the ability of the national government to control its borders. Subsequent anger and resentment is common as many people feel increasingly vulnerable to the vicissitudes of international affairs and policies. There is a feeling in the land that "they" are coming and that there is nothing anyone can or will do about it. Some Americans are again responding with demands that certain groups be excluded or severely limited in their aspirations to enter the United States. In Dade County Florida many people feel this way about Haitian, Cuban, and Nicaraguan refugees. In other areas the same might be felt about Puerto Ricans, Mexicans, or Southeast Asians. Actually such a xenophobic response is typically American. The people of this country have never been hesitant to squeal when they felt themselves being crowded by foreign newcomers. *

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* Note:
The clamor for restrictions on immigration is not new, the first being fears about immigration from Greece, Italy, and neighboring countries in the early 1880's. Fed by fears that the United States could not feed the large numbers of immigrants, this xenophobia was enhanced by the several financial panics of the 1890's. The first concrete result was the Chinese Exclusion Act of 1882, the first instance of a nationality's being singled out for discrimination in United States immigration policy. <3>

Amendments to the current law which govern immigration to the United States (the McCarren-Walter Act, passed in 1965 and 1976) have caused resentment and frictions among many people in affected states over the question of fairness in the law. As Johnson reports, these amendments put numerical limits on immigration, replacing the old quota system. About 170,000 immigrants from the Eastern Hemisphere were to be allowed entry and 120,000 from the Western Hemisphere with a key stipulation that no more than 20,000 immigrant visas may be granted any one country in a given year. This put pressure on the government to admit people through various non-quota procedures including special paroles and "adjustments of status" to refugees and others. Those who were applying were to be considered by the attorney general acting through the INS. It also meant that illegal entry would become the only alternative for many would-be immigrants and itinerant workers, especially Mexicans. <3> The resentment in some states was pronounced as exceptions started to be made, for example, in the granting of asylum to Southeast Asian refugees or "boat people" during the late 1970's. Another exception involved the 1980 "Freedom Flotilla" which left Mariel, Cuba with 100,000 Cubans coming as a part of a cruel trick perpetrated by Fidel Castro. The incident heightened resentment in Florida and around the nation as thousands of dangerous criminals and mentally incompetent people were herded aboard the boats at the insistence of the Cuban government. As Cubans in the streets of Miami celebrated in abandonment at the long awaited re-unification of some families and the release of a few political prisoners, anger among the native population was quiet and deep. It remains. The vacillation of the Carter administration as the Mariel drama unfolded didn't help. The administration first tried to enforce the law against illegal entry, then appropriated special funds to assist the refugees, then impounded the boats being used to bring more refugees. The federal government not only appeared incompetent but silly.

The exceptions to the law which gave favorable treatment to Cuban refugees who were considered to be politically motivated to come to this country and the detention procedures applied to Haitians and Mexicans who are considered by the INS to be generally motivated by economic considerations, has antagonized many blacks and Mexicans-Americans who view such a policy as being racially discriminatory. At least in the case of the Haitians, two federal judges in south Florida have agreed and have ordered many Haitian detainees released. The United States interdiction policy though which the U.S. Coast Guard intercepts and turns back Haitian refugees on the high seas while only temporarily detaining Cuban refugees (some of whom continue to arrive in Miami even as this paper is written) especially angers many local blacks who at least abstractly support the admission of Haitians as long as Cubans, Nicaraguan and Southeast Asian refugees are allowed entry on political grounds. The federal government's controversial policies have promoted alienation and resentment among ethnic groups in Florida and around the nation as various exceptions to the law are made in an effort to limit the fallout from disastrous international policies extending over many decades, particularly in the Western Hemisphere.

3. Confusion and Uncertainty Regarding the Question of Economic Displacement of Native American Workers by Illegal Immigrants and Refugees. The essential elements of the controversy remain unchanged-- some people want an inexhaustible supply of docile, cheap labor-- others do not. It has been so since before the turn of the century. It remains at the crux of the problem today. Special interest groups with a stake in maintaining a cheap and exploitable labor supply have managed to lobby the Congress over the years to obtain exceptions for their foreign laborers. *

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* Note:
As mentioned earlier, exceptions have almost always been made for economic or political reasons. Even though Congress passed a literacy test for new immigrants in 1917 (over President Wilson's veto), Mexican and other Western Hemisphere immigrants were excluded when serious labor shortages occurred in the sugarbeet fields in 1918. Later the same was done in cotton and fruit-producing areas as the secretary of labor amended the immigration rules to give temporary work permits to thousands of Mexicans workers who proved themselves to be superior workers. The argument was

made that these temporary workers did not displace native American workers. The temporary work permits were rescinded in 1921 with the passage of the quota system under the new immigration law. Of the 73,000 Mexicans workers to whom temporary permits were issued, 21,000 had disappeared thus the major beginnings of clandestine Mexicans workers migration into and within the United States.

Mexicans were exempt from the quotas act of 1921. They were brought into the country illegally to serve as a highly mobile, cheap labor force and attempts to restrict their entry has been opposed by agricultural-horticultural enterprises and other industrial interest for many decades. With the federal government most often split over what to do (the labor department in the 1930's wanting to restrict Mexican entry in order to protect American workers, the state department favored more liberal and open admission policies for Mexicans) the nation has been in limbo on this critical issue which since the 1970's has grown to become even more acute. The number of illegal aliens apprehended by United States officials reflects the problem. In 1963, 88,712 illegal immigrants were apperhended by the U.S. Border Patrol. In 1983, 1,248,000 were apprehended. (6>

At the local level the argument is usually advanced by those interests seeking cheap foreign labor that local laborers will not be displaced since local workers won't do the sort of demeaning work which is done by illegal immigrants and refugees. There appears to be some truth to this. Blacks from Miami's Liberty City for example, are not clamoring to board the itinerant worker's busses to be taken to the agricultural fields of south Dade County.

Although Moncraz and Jorge of Florida International University in their article entitled "Cuban immigration in the United States" in Contemporary American Immigration: Interpretive Essays (Non-European), state "in Dade County in 1959, the increase in the pool of workers brought about by the Cuban influx resulted in a temporary increase in overall unemployment and an apparent reduction in nominal wage rates in certain sectors", more recent data suggests that the temporary setback has been overcome. <4>

Dunn and Porter in their book, The Miami Riot of 1980: Crossing the Bounds, found some evidence of black economic displacement by Cubans in terms of the diverting of minority economic development funds from blacks to Cubans at the critical period of the early 1960's as blacks across the nation were surging ahead on the benefits of the civil rights movement. "In Miami, however, the process of integrating blacks into the dominant culture was greatly complicated by the arrival of hundreds of thousands of Cubans and other Hispanics from Latin America..... Many of them middle-class and looking as white as the Anglo population.... They succeeded not only in diverting attention from Miami blacks during the crucial integration period, but also, by virtue of their greater social acceptability and entrepreneurial skills, in winning the lion's share of public and private money available for minority economic development. <5>

Even following the catastrophic riot of 1980 blacks in Miami did not fare well in attaining federal (SBA) funds for re-building the riot impacted areas. Nearly 90% of the 22 million dollars actually loaned went to white non-Hispanics or Hispanics. In 1968 for example, in Dade County non-Hispanic whites received $3,356,875 in loans from the Small Business Administration. Hispanics received $1,078,950 and blacks received $82,600. Considering all SBA loans made in Dade County from 1968 up to 1980, Hispanics received 46.9% of the funds made available (47,677,660), non-Hispanic whites received 46.6% (47,361,773) and blacks received 6% (6,458,240). <5>

With respect to the question of possible economic displacement of blacks in Dade County by Cuban and Haitian immigrants and refugees, the data suggest that no significant displacement has taken place yet many blacks believe that it has. In 1969, 31.6% of the county's blacks were poor. By 1979 that number had actually decreased to 29.8%. Non-Hispanic whites also showed a slight drop in poverty level from 9.4% to 8.3%. Hispanics however, sank even deeper into poverty. Poor Hispanics increased from 14.9% to 16.9% during this period. With the more recent influx of significantly poorer refugees from the 1980 "Freedom Flotilla", this trend is likely to be continued. <2>

Surprisingly in Dade County between 1969 and 1979, according to 1980 census data, only blacks as a group increased in median income (by 10.6%) whereas both non-Hispanic whites and Hispanics dropped in median income. Non-Hispanic white median income dropped by 6.5% and Hispanic median income dropped by 1.8%. Blacks went from $11,855 to $13,108 while Hispanics went from $16,042 to $15,749. Non-Hispanic whites went from $20,943 to $19,585. These data were collected prior to the Mariel influx of substantially poorer Cubans. Later data should show even more of a relative decline in median income for Hispanics. These figures appear to refute the commonly accepted premise that blacks in Dade County are falling farther and farther behind Hispanics and Non-Hispanic whites in income level. Indeed, the rate of increase of blacks in Dade County employed in the two top occupational classifications was higher between 1970 and 1980 than for either non-Hispanic whites or Hispanics. <2> Most importantly however it should be noted that these figures speak to the relative improvement of blacks in general. For the very substantial number of black people in the underclass there is no cause for celebration. The quality of their lives has hardly improved in recent years and has by no means been made better by recent immigration trends.

With respect to the impact upon blacks in Dade County regarding educational attainment, the data suggests that blacks have not been negatively effected. Between 1970 and 1980, the percentage of whites who completed high school increased 33.0%. Hispanics completing high school increased by 21.3%. Blacks, however improved on their percentage by nearly 75%. With respect to completing college, blacks in Dade did even better when compared to other groups. Whereas the percentage of Hispanics completing four years of college increased by 43.3% and Whites by 64.2%, blacks improved by 156.9%. In short, the data reveal convincingly that blacks are not falling behind other groups in educational attainment and indeed they are steadily narrowing the educational gap. Changes since the early 1980's in the availability of federal loans for higher education, however are almost certain to diminish future gains in black educational attainment. <2>

Recommendations:

1. The United States should initiate a workable and fair guess worker program such that people slipping into the country under the cover of darkness can walk in in broad daylight and take temporary jobs. The displacement of American workers scare is valid if the guests become permanent residents who are allowed to compete for jobs which are held by American citizens. Guest workers should be allowed into the country to do very specific, low demand jobs, on a temporary (one year) basis. After that, they should be required to go home. Preferably new guest workers would be rotated into the United States.

2. Guest workers must be protected by law from exploitation and abuse. The people who come should be afforded the same essential protections which American workers have including minimum wage and health and safety standards. They should be able to assume that they are not going to be placed at undue risk. The failure to provide such protections in the past accounted for a good deal of the reason that the guest worker program previously tried was not as effective as it could and should have been.

3. The United States should and must promote real economic stability and growth in the poor nations of this hemisphere. Consider what some of the best young (and old) minds and hands from America could do to help the Haitian people in Haiti. Sending a check to Baby Doc wasn't the answer. What Haiti needs (as do many of the other poor nations who are our neighbors) is the American Peace Corps reborn. <7> That however, calls for inspired leadership from within our own government. In recent years none of the

nationally prominent leaders have tried to challenge young Americans in this way.-- While children die with flies in their mouths next door in Haiti.

4. People who have established a pattern of hiring illegal immigrants should be first warned, then heavily fined and third, put in jail. For employers who exploit these workers it may now be worth the risk given the tap on the wrist approach which is now taken. In lieu of jail those convicted might be allowed to serve their terms as itinerant migrant workers. It should be noted that with an effective guest worker program, the need to hire illegals should be greatly diminished.

5. A person should not be allowed to become an American citizen simply by marrying someone who is. Citizenship is a precious right and should be granted based upon something more substantial than one's possibly flawed judgement as to whom to marry, not to mention the current abuse of this privilege, held by some to be widespread.

6. Avoid offering amnesty to illegals simply because they have been successful in breaking the law. From every conceivable point of view, even that of my ten year old daughter, this is patently stupid. It encourages "skipping the line" and punishes, waiting your turn.

7. Whatever immigration laws are made, limit the exceptions to those laws. We cannot simply admit people to this country ahead of everyone else, simply because they managed to escape communism (as worthy an accomplishment as that is). There are a lot of people who, for good reason, would like to escape the communists. But right wing dictators, some of them our "friends" imprison or kill people too. Should we allow those escapees to skip ahead in line as well? After a while it doesn't make sense to have a line. A rule is a rule (or should be). We either admit anyone who floats in on an inner-tube (be it from Cuba or Haiti) or we do not. To impose such distinctions as "Its ok to stay if you don't like communism but you have to leave if you're just hungry" is banal.

8. Targeted assistance funds should be continued. We have a rule at our house which works fairly well if you live, as I do, with a lot of kids. "If you make a mess, you clean it up." The federal governments posture appears fashioned after that of my four year old when he fouls up.. "Who me?"

Closing Statement

What then has been the impact upon the state of Florida of current immigration law? Life in Florida has not been made easier having accepted the uncounted hoards from the Caribbean to South America and elsewhere. The people have survived, no thanks to Washington. Floridians are no less generous, no less caring, no less hospitable than Americans found in any of the states of our great nation. But we have been made to accept more than our share of the burdens of this world most often without as much as a "thank you very much", yet our state continues to be a warm and friendly paradise where even visitors from Washington, D.C. are welcomed.

Clean up your MESS !!!

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Representative **Scheuer**. Thank you very much, Professor Dunn, for your very stimulating testimony. I'm going to ask you when we get to the questions, after we've heard from Professor Martin, what would your proposals be to remedy the wrongs that you have suggested.

Mr. **Dunn**. I listed seven or eight in my prepared statement.

Representative **Scheuer**. OK. Now we will hear from Prof. Philip Martin, Department of Agricultural Economics at the University of California at Davis.

Professor Martin, please take about 10 minutes and sum up your thoughts. Your testimony will be printed in full and you may refer to anything you've heard this morning as well as your own testimony.

STATEMENT OF PHILIP L. MARTIN, PROFESSOR, AGRICULTURAL ECONOMICS, UNIVERSTIY OF CALIFORNIA, DAVIS

Mr. **Martin**. Thank you, Mr. Chairman.

I appreciate the opportunity to be here today and discuss the demographic impacts of immigration on California. I must say that if Professor Graham and Mr. Teitelbaum had grievances about following Governor Lamm, I must have a grievance for being the last speaker on the last panel, but because of that I will be very brief and I will essentially make my three points up front and then discuss them in a little more detail.

The first major point is that California's population is growing and becoming more heterogeneous much faster than most people realize. We develop terms that aren't necessarily satisfactory, but the non-Hispanic whites or Anglos who are now about two-thirds of California's population will slip below 50 percent soon after 2000 and then Hispanics will become the dominant ethnic group after 2030.

So the first point is that California's population is still growing but it is becoming heterogeneous fairly quickly.

Second, this heterogeneity has important implications for the extremes of the age distribution. Most California children under 14 will be Hispanic, black or Asian by 1990—that's 3 or 4 years away—while whites will remain a majority of the over-65 population well after 2030. So essentially we will have the ethnic heterogeneity showing up first among the young, while Anglos continue to dominate among the retired.

The third point is that these population changes that are occurring in California might—and I stress might—create some elements of a multitiered or two-tiered society which in some instances seems to have Anglos and Asians near the top and Hispanics and blacks near the bottom.

I'm going to elaborate on these points a little bit. I will say that they have been covered in more detail in a bulletin entitled "Population Change and California's Future," published with Leon Bouvier and available from the Population Reference Bureau. Let me also add that after this brief summary was written I was asked to include materials on California agriculture and, as you well know, volumes can be written on that subject. So I have attached several papers and we can deal with them somewhat later.

Let me first review population growth and heterogeneity. Essentially, we made very conservative assumptions about fertility, mortality, and immigration. In making very conservative assumptions, we concluded that if current trends continue California's population is going to almost double in size or, to put it in numbers, California is going to add about 1,100 people per day, 400,000 people per year, or 20 million people between 1980 and 2030.

In 2030, there will be two dominant ethnic groups in California: One Hispanic and one white, and they are going to comprise a little over three-fourths of the States population.

The ethnic population shares will change substantially. The white share, as I've already mentioned, is going to decline from about two-thirds to a little over one-third, actually close to 38 percent. The Hispanic share is going to about double, from 20 to 40 percent. The Asian share almost triples, from 6 to 16 percent; and the black share remains constant at 7 percent.

The main point is that California is going to experience continued population growth and much more heterogeneity. The demographic assumptions, as I've said, are very conservative and they're in the prepared statement. The only one I will elaborate on today is immigration—to show the conservatism of our assumption. We assumed zero net internal migration. That is, we assumed as many people left California as moved to California. And we assumed total immigration to the United States, legal and illegal, is 750,000 per year. Then we said 750,000 people per year come in, let's assume 150,000 leave, so that net immigration, legal and illegal, to the United States is 600,000.

Of that 600,000 about a third we assume wind up in California, including refugees who resettle, and that means that 200,000 immigrants per year, legal and illegal, settle in California. We assume one-half of the annual population growth for California.

So the main thing we are trying to say is that California's population is growing and changing quicker than most people realize.

The two main groups that this affects initially are the young and the old, and there are many scenarios that one can paint, but the one concrete example which I'll explore to illustrate the issue is high school dropouts.

We have in California, as in most other States, a relatively high high school dropout rate, especially for minorities in some urban areas. It turns out that one reason Hispanic teenagers may drop out of high school is that they seem to do better than other teenage dropouts in the labor market. That is, Hispanic dropouts, at least in Los Angeles, seem to have an easier time getting a job than do black or white dropouts. And one reason could be that Hispanics are more likely to have friends or relatives who are connected to the entry level job market.

But we have a problem today with dropouts——

Representative **Scheuer**. You mean friends and relatives who are employers?

Mr. **Martin**. No. Who may be employees, given the network system by which most of these people get jobs.

Representative **Scheuer**. Well, don't blacks who have lived there presumably far longer than the recently immigrated Hispanics have the same network of friends and family and so forth?

Mr. MARTIN. Yes, they presumably do, but sometimes they may be less well connected to entry level jobs than the Hispanics might. I must say that when I looked at this dropout literature, it's even more confusing than the farm labor literature in the sense that no one can agree on the numbers and exactly what the dropout rate is or why dropout rates vary as they do.

But one of the things that was clear was that Hispanic dropouts have a slightly easier time getting jobs and I'm just speculating on the reason for that.

One effect of that, in terms of the population projections, may be that as we enter the 1990's, as you know, there will be relatively fewer teenagers entering the work force. We would assume that when there are fewer teenagers available we're going to get upward pressure on wages in that entry level labor market, so that the fast food companies and other service establishments will have to start paying more in wages.

If teens are now dropping out, in part because they have a relatively easy time getting a job, then the pressure to drop out is going to increase rather than decrease.

Representative SCHEUER. When there are low-level jobs waiting there to be filled.

Mr. MARTIN. When there are low-level jobs waiting there. And the reason why that may be a special problem is that to the extent, in California at least, we have immigrant workers and their descendants entering the work force, if they are not well educated they are likely to earn less money over their lifetime than if they were educated. We are going to have those immigrant workers being asked to support a retired population which has different needs and different concerns. The important point here is that the taxes which most young workers pay, most especially lower wage workers, are primarily Social Security and income taxes and they accrue primarily to the Federal Government. However, the cost of protecting and educating the children of those immigrant workers are usually borne by State and local governments.

It appears that the Federal Government is going to maintain its commitment to the elderly long after it reduces its support for special programs to assist immigrant workers and their children, and one has to be sensitive to the potential conflict that could emerge between younger workers and retirees when it comes to competing for limited funds.

So the whole issue of how this heterogeneity will play itself out among the young and the old is not yet clear, but at least there is some potential there for conflict in which the Federal Government would play a role.

The third and final point is the idea of what this new wave of immigration means. In California it's hard to tell exactly what the impacts have been, but it seems as if Anglos and Asians tend to dominate the top of the income or wealth pyramid, while blacks and Hispanics tend to be over represented at the bottom. It's entirely possible that that kind of tiering will disappear as the immigrants catch up, but it's also possible that upward mobility might be difficult for some of those immigrant groups.

I said that I would say a little bit about agriculture, so perhaps the best way to use California agriculture as an example is to say that it perhaps represents better than most other sectors of the economy essentially a two-tiered system within the United States that you can see and look at today.

In California, hired workers do about 80 percent of all the farm work versus about one-third throughout the United States.

Representative SCHEUER. Hired workers?

Mr. MARTIN. Hired workers. In other words, people who work for wages.

Representative SCHEUER. Who does the other two-thirds in the rest of the United States?

Mr. MARTIN. Farmers and their families. That's why we say in California——

Representative SCHEUER. It's a more industrialized system.

Mr. MARTIN. Farming reverses the phrase. In California farming is a business and not a way of life. For over 100 years we've had waves of immigrant workers—Chinese, Japanese, Indians, Filipinos, and Mexicans—who have been imported to work in the fields.

With the exception of the Japanese, few of those farm workers have become farmowners and few of today's Hispanic farmworkers will ever save enough to become farmers.

What does it mean to have this kind of a tiering system? Well, for several decades now, as you know, white California farmers—California farmers are about 96 percent white—have been battling with mostly Hispanic farmworkers and each side accuses the other of trying to manipulate public opinion on the basis of exaggerated data and stories. It is difficult to discern the truth in these arguments, but we have tensions today which are high despite a mid-1970's labor relations statute that was designed to control and channel these tensions between employers and employees. We created a regulatory mechanism. It's expensive. Today, California spends about 6 percent of the NLRB's budget to regulate labor relations for fewer than 1 percent as many workers. But this expensive farm labor relations system is damned regularly by both employer and worker advocates.

The two-tiered ethnic system is not the only cause of that tension, but it certainly should serve as a warning about what could happen in other sectors of society.

Let me close with just a note about what we do with demographic projections. Richard Armour has said, "That whatever California is today, the rest of the country will be tomorrow," a reference to the trend-setter role of the State. However, as you know, there's a strong current of opinion which says that whatever is happening today, be it in demographics or economics, it must be the best or it wouldn't happen.

In economics, this sort of "whatever happens is best" philosophy is the rational expectations argument exemplified by the story of the White House economist who invited an aspiring student to go to lunch and, as they were walking down a busy street, the student said, "Look, there's a $100 bill on the sidewalk." The White House economist said, "It can't be. If it were, somebody would have picked it up already." The student picked up the $100 bill and decided to become a lawyer instead.

I think this is often the fate of these kinds of projections. I hope these projections might be heard by realists rather than theorists.

Thank you.

[The prepared statement of Mr. Martin, together with attachments, follows:]

PREPARED STATEMENT OF PHILIP L. MARTIN

I am Philip L. Martin, Professor of Agricultural Economics at the University of California, Davis. My testimony today concerns the impacts of legal and illegal immigration in California. My testimony emphasizes three points:

-- First, California's population is growing and becoming more heterogeneous faster than many people realize. Non-Hispanic whites or Anglos, who are now two-thirds of California's population, will slip below 50 percent soon after 2000 and Hispanics will be the dominant ethnic group after 2030.

-- Second, this heterogeneity has important implications at the extremes of the age distribution. The majority of California children under 14 will be Hispanic, Black, or Asian by 1990, while whites will remain a majority of the over 65 population even after 2030.

-- Third, the population changes occurring in California may create a multi-tiered society dominated by Anglos and Asians at the top and Hispanics and Blacks at the bottom.

I will elaborate on these points today, but I want to note that Leon Bouvier and I recently published a monograph entitled Population Change and California's Future which is available from PRB, P.O. Box 35012, Washington, D.C. 20013. Several charts from this publication are attached.

After this testimony was prepared, I was asked to include materials on California farm labor, and several short papers are included.

Population Growth and Heterogeneity

The future population of an area can be projected by making assumptions about fertility, mortality, and immigration. Making very conservative assumptions, we project that between 1980 and 2030:

- -- California's population will almost double in size, increasing from 23.5 to 43 million, or 1,100 per day, 400,000 per year, or 20 million over the 50 year period.
- -- California will have two dominant ethnic groups, in 2030, when Hispanics and Whites will comprise 76 percent of the population.
- -- The ethnic population shares will change significantly:
  - -- the White share is projected to decline from about two-thirds to one-third (38 percent).
  - -- the Hispanic share almost doubles from 20 to 40 percent.
  - -- the Asian share almost triples from 6 to 16 pecent.
  - -- and the Black share remains constant at 7 percent.

The main point here is that California will experience continued population growth and increased heterogeneity.

The demographic assumptions that underlie these projections are conservative, that is, we chose to make assumptions that are probably lower bounds on population growth and ethnic composition. For example, we assumed that fertility will converge to 1.8 births per woman by 2030, which implies that White fertility will rise a bit, that Black and Hispanic fertility will decline, and that the fertility of some Asian groups increases and of others decreases. Similarly, we projected a convergence of life spans at 80 years for all ethnic groups by 2030.

Immigration to California is the most difficult population component to project. California has traditionally been a magnet for people from other states such as myself, and in 1966 net internal migration to California was 1500 people everyday. In recent years, net internal migration has been close to zero, but with the twist that higher-skilled people continue to migrate to California while lower-skilled people leave. We assumed zero net internal migration over the 1980-2030 period.

We made bold but conservative assumptions about immigration. We assumed that 750,000 legal and illegal immigrants enter the United States annually to settle, that 150,000 emmigrants leave the United States, so that net immigration was 600,000. We assumed that one-third of this 600,000 or 200,000 settled in California. Thus, this conservative immigration assumption implies that one-half of California's projected 400,000 annual population increase comes from immigrants.

The Young and the Old

The main purpose of population projections is to highlight potential future problems when there is still time to make relatively easy adjustments. For example, I have already noted that minorities will comprise a majority of California's school-aged population by 1990. One of the major educational issues in California is the high school dropout rate, especially for minorities in some urban areas. One reason Hispanic teenagers may dropout is that they seem to do better than other teenage dropouts in the labor market, that is, Hispanic dropouts seem to have an easier time getting a job, perhaps because they are more likely to have immigrant friends and relatives who are connected to the entry-level job market.

High school dropouts tend to earn lower wages than other workers, and these lower wages might aggravate the problem of supporting the retired elderly population. The minority percentage of the entry level work force will be rising after 2000 just when the largely White baby-boom generation is is retiring. It would seem prudent to avoid conflict over the needs of young workers versus retirees.

It is important to emphasize the federal government obligation to avoid future age-related conflicts. The major taxes paid by young workers--social security and income taxes--accrue to the federal government. However, the costs of protecting and educating the children of young workers are usually borne by state and local governments. It appears that the federal government will maintain its commitment to the elderly long after it reduces its support of special programs to assist immigrant and minority workers and their children. The federal government should be cognizant of its role as the major tax collector and sensitive to the state and local costs that are associated with concentrations of immigrants.

The fact that immigrants are concentrated in several states and cities makes the job of sensitizing the federal government to state and local concerns more difficult. A dispersed and voting elderly population is likely to wield more political influence on the federal budget than the immigrant populations concentrated in a handful of states and cities.

A Multi-Tiered Society?

The United States is renowned for its capacity to absorb immigrants sucessfully, and history would suggest that the current "Fourth Wave" of immigrants will be absorbed successfully. However, there are several discordant notes on the horizon that could generate tensions and conflict.

In California, there is evidence that Anglos and Asians dominate the top of the income and wealth pyramid while Blacks and Hispanics are over-represented at the bottom. This may be only a temporary phenomenon, which will disappear as the immigrants "catch up" to similar Americans in income. However, it is also possible that upward mobility may be difficult for some of the immigrant groups.

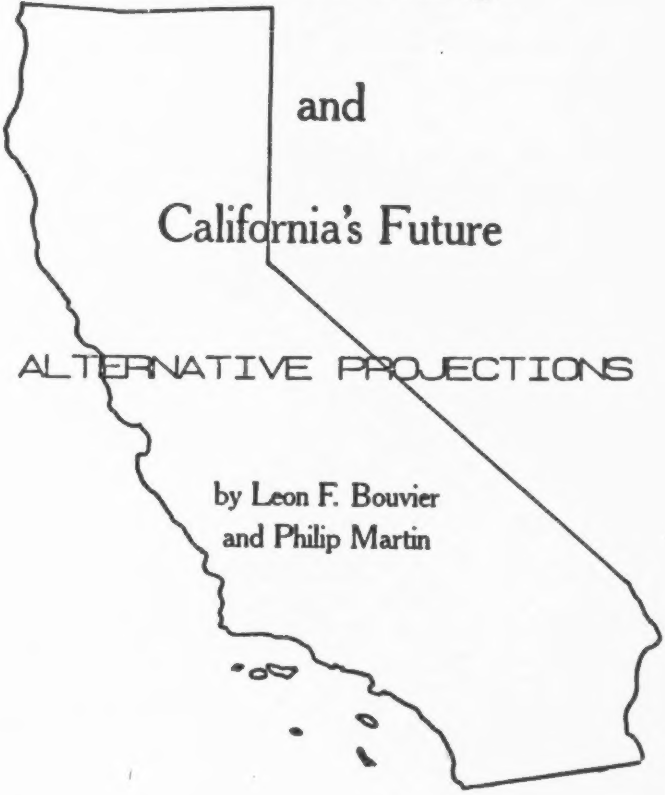
One stark example of a two-tiered economy and its attendant tensions is California agriculture. In California, hired workers do about 80 percent of the farm work, versus 35 percent throughout the United States. Since the 1880s, waves of immigrant workers--Chinese, Japanese, Indians, Filipinos, and Mexicans--have been imported to work in the fields. With the exception of the Japanese, few of these farmworkers have become farm owners, and few of today's Hispanic farmworkers will ever save enough to become farmers.

The mostly White California farmers have been battling mostly Hispanic farmworkers for the past two decades, with each side accusing the other of trying to manipulate public opinion on the basis of exaggerated data and stories. The truth is sometimes hard to discern, but tensions remain high even though a labor relations statute was enacted in the mid-1970s to control and channel these tensions through a state created regulatory mechanism. Today, California spends about six percent of the NLRB's budget to regulate labor relations for less than one percent as many workers, and the California farm labor relations system is dammed regularly by employer and worker advocates. These tensions are due in part to the two-tiered worker and employer structure, and the limited capacity of the state to resolve them should be a sober warning about what could happen in other sectors of society.

Let me close with a note on what can be done to deal with demographic change. Richard Armour has said that "What California is today, the rest will be tomorrow," a reference to the trend setter role of the state. However, there is a strong current of opinion today which says that whatever is occurring must be the best or it wouldn't happen. In economics, this whatever-happens-is-best-philosophy is exemplified by the story of the White House economist who invited an aspiring student to lunch. As they were walking down a busy street, the student said, Look, there's a $100 bill on the sidewalk. Can't be, was the reply, if it were, someone would have picked it up already. The student picked up the $100 and decided to become a lawyer. I hope that these projections and warnings about California's future society and economy are received by the realists rather than the theorists.

Population Change and California's Future

ALTERNATIVE PROJECTIONS



by Leon F. Bouvier
and Philip Martin

A publication of the Population Reference Bureau, Inc.

POPULATION BY RACE
CALIFORNIA: 1980-2080

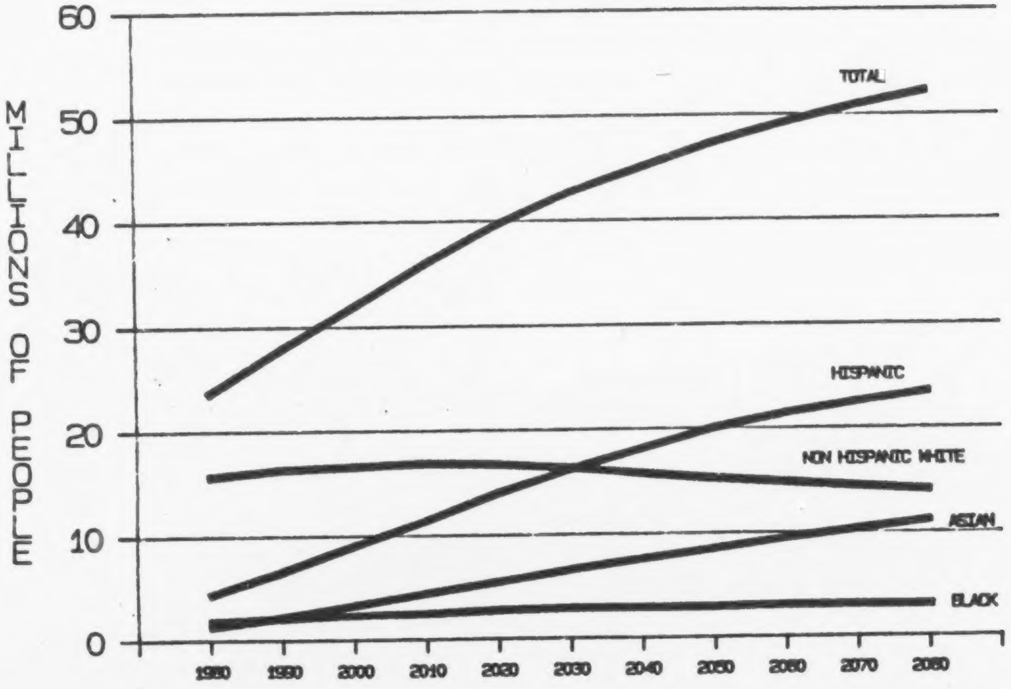


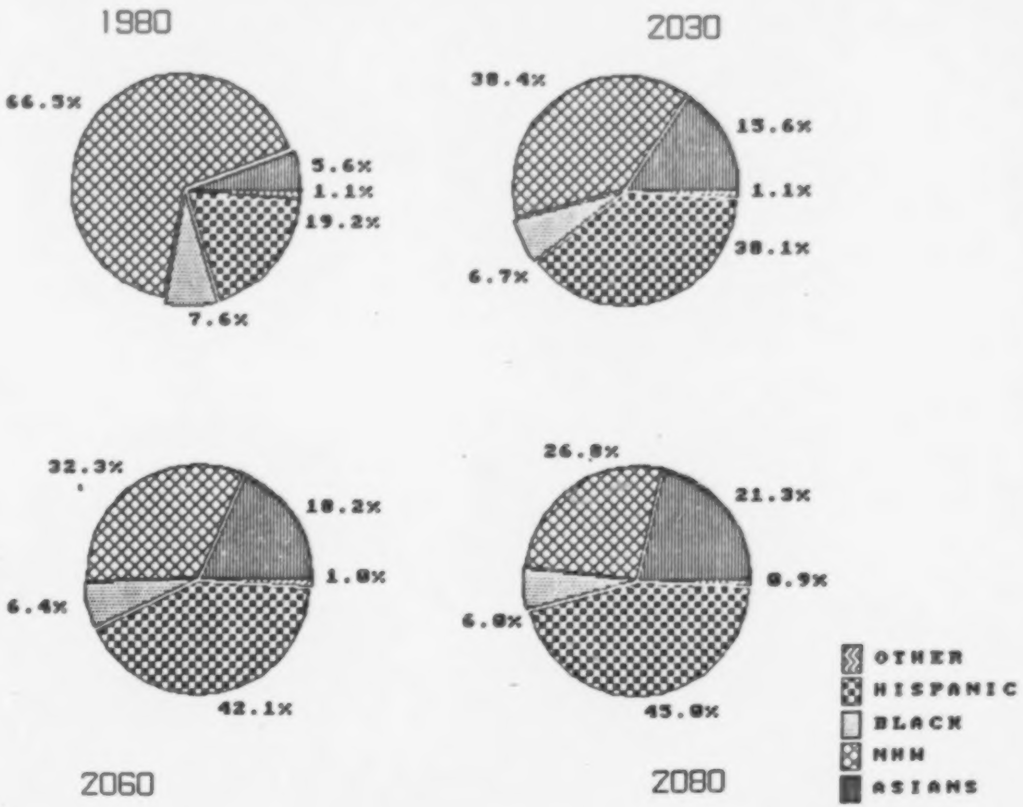
TABLE 1. POPULATION OF CALIFORNIA BY RACE: 1980-2080.
Population in thousands.

YEAR	NHW	BLK	HISP	ASIAN	OTHER	TOTAL
1980	15704	1784	4544	1313	263	23608
1990	16411	2098	6737	2312	322	27880
2000	16704	2353	9086	3371	367	31881
2010	16860	2578	11548	4472	412	35870
2020	16857	2762	14022	5599	450	39689
2030	16388	2862	16274	6669	472	42665
2040	15788	2947	18158	7648	483	45024
2050	15299	3019	19916	8623	490	47347
2060	14842	3073	21396	9543	488	49342
2070	14389	3106	22581	10383	476	50935
2080	14006	3132	23500	11149	460	52247

TABLE 2. ASIAN POPULATION OF CALIFORNIA BY ETHNICITY: 1980-2080.
Population in thousands.

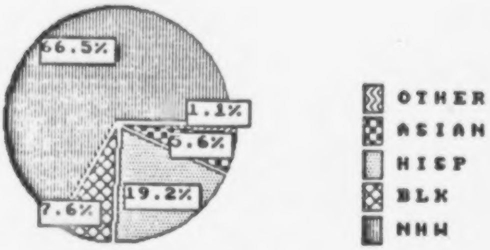
YEAR	CHIN	JAP	KOR	FIL	INDIAN	SE ASIAN	VIET	OTHER ASIAN	TOTAL
1980	326	269	103	358	60	19	85	93	1313
1990	465	310	215	620	82	112	357	152	2312
2000	592	336	333	897	104	222	675	214	3371
2010	709	355	452	1182	126	344	1026	278	4472
2020	818	375	570	1466	144	475	1405	345	5599
2030	907	387	684	1731	160	608	1785	407	6669
2040	983	395	795	1978	174	735	2127	461	7648
2050	1055	408	906	2209	188	862	2481	514	8623
2060	1123	42	1016	2419	200	983	2821	561	9165
2070	1187	431	1126	2608	213	1094	3124	600	10383
2080	1248	443	1236	2779	224	1195	3390	634	11149

RACIAL COMPOSITION OF CALIFORNIA: 1980 - 2080



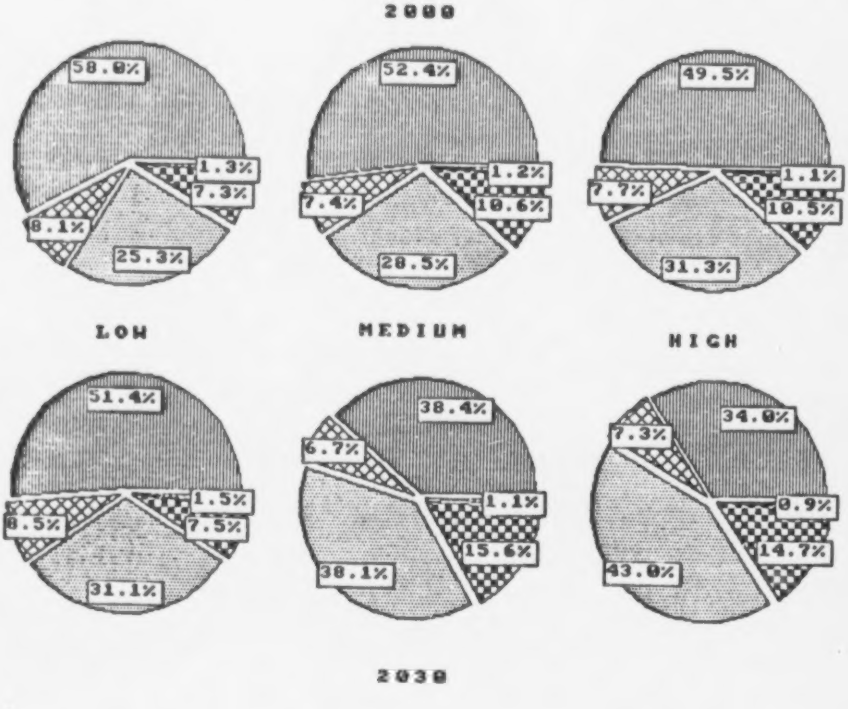
CALIFORNIA: 1980

Figure 4.



FUTURE RACIAL COMPOSITION

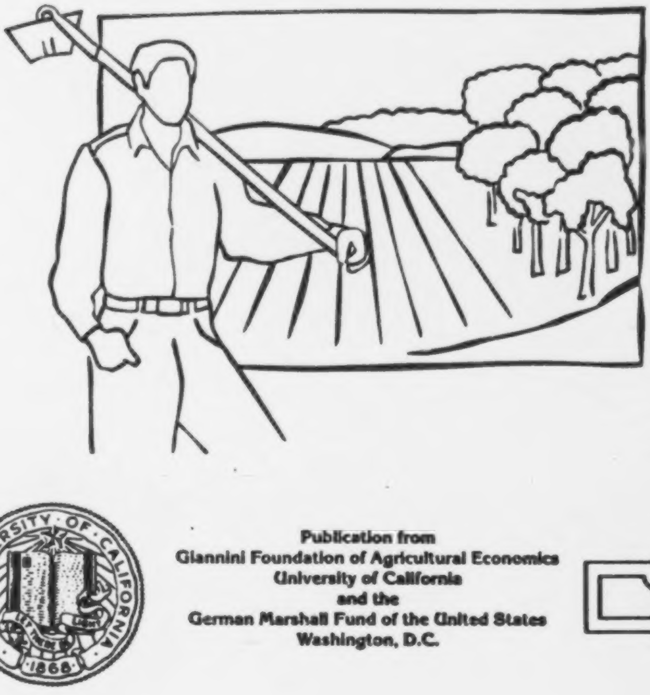
UNDER LOW, MEDIUM, AND HIGH IMMIGRAION



Migrant Labor in Agriculture

An International Comparison

Edited by Philip L. Martin



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LABOR IN CALIFORNIA AGRICULTURE

by Philip L. Martin

ABSTRACT

Agriculture is the core component of all food systems. In the United States, the food system generates about 20 percent of the gross national product and employs 20 percent of the work force to supply food to American consumers for only 16 percent of their disposable income--the cheapest food anywhere. Nationwide, an average 2.4 million farmers and 1.3 million farmworkers are employed in agriculture, suggesting that hired workers do about 35 percent of U.S. farm work.

Fruit, vegetable, and horticultural specialty (FVH) farms pay about one-third of the annual $10 billion farm wage bill, with wages representing 20 to 50 percent of FVH production costs. California produces almost 40 percent of all FVH commodities and pays over $2 billion in wages to about 600,000 persons who do farm work for wages sometime during the year. In California, hired workers do 77 percent of California's farm work and labor-intensive FVH farms account for 72 percent of crop sales. Many California FVH farms are large commercial operations operated by hired managers who hire workers as needed.

The demand for farmworkers in California has remained relatively stable because mechanization and other labor-saving technological changes have been offset by the expansion of acreage and yields in labor-intensive agriculture. In the near future, mechanization and increased imports of FVH commodities continue to threaten to eliminate jobs. Some changes, for example, to drip irrigation systems or dwarf fruit trees amenable to mechanical harvesting, initially create jobs but reduce long-term employment needs. Other changes, for instance, packing vegetables and melons in the field eliminate nonfarm jobs while creating farm jobs.

Mexicans and Mexican-Americans dominate the FVH field work force. Young men enter the harvest work force when they are 18 to 25, do heavy harvest work for five to 15 years, and then switch to an easier farm job such as irrigator or hoer, find a nonfarm job, or return to Mexico. Women and the older children in farmworker families also do much of the work in FVH agriculture: Women sort and pack most commodities in the field and in packing sheds and do much of the hoeing and harvesting of commodities such as strawberries and carrots.

The farm labor market is becoming segmented or "balkanized" because unions and collective bargaining have increased wages in some commodities and areas, but labor contractors and illegal undocumented workers have depressed wages and working conditions in other commodities and areas. Thus, instead of a single farm labor market, markets differ by commodity, region, and size of employer.

INTRODUCTION

Agriculture is the core component of the largest industry in the United States and in California. The U.S. food system that manufactures and distributes farm inputs, produces food and fiber on farms, and packs and processes farm products for consumers generates about 20 percent of the gross national product and employs 20 percent of the work force--3 percent work in supplying agriculture with equipment, seeds and fertilizers, and other inputs; another 3 percent consists of farmers and farmworkers; and 14 percent is employed by food processors, packers, retailers, and distributors. This food system is considered a paradigm for emulation because it provides such a variety of low-cost foods to consumers. The average American family spends about 16 percent of its disposable income on food, substantially less than the 20 to 25 percent common in Europe (U.S. Department of Agriculture (USDA), ERS, 1983).

Farm labor has been a perennial issue since the dawn of American agriculture. Colonial American farming eventually evolved into three distinct labor systems. The family farm of the Northeast and Midwest was usually a diversified livestock and field crop enterprise that produced primarily for the family with family labor. Commercial cotton and tobacco farms in the Southeast were dependent first on slaves and later sharecroppers to produce for distant markets. As grain production moved further west, farmers exchanged labor at harvest time, but this exchange labor was supplemented by migrant farmworkers who followed the harvest from farm to farm.

Farmworkers and farmers have been pushed out of agriculture by labor-saving equipment and low farm prices and pulled into nonfarm jobs by higher wages since 1920. After sharp declines in the number of farmers and farmworkers in the 1950s, total farm employment began to stabilize in the 1970s. The number of farmers continued to decline, but this decline was offset by an increase in the number of hired farmworkers. Hired farmworkers, who had done about 25 percent of U.S. farm work from 1910 to 1970, did 35 percent of the nation's farm work by 1980.

Within U.S. agriculture, farm labor markets differ by commodity and region. Three major commodity groups divided the $10 billion farm wage bill in 1981 about equally, but wages were a much higher fraction of fruit, vegetable and horticultural (FVH) specialty sales ($17 billion), than of field crop sales ($68 billion) or livestock sales ($58 billion) (USDA, ERS, 1983). Farmers in each of these groups employ domestic and foreign seasonal workers,[1] but the major employer of these workers is the FVH subsector.

This paper examines farm labor issues in California agriculture. The first section contrasts the structure of California agriculture with farming elsewhere. The second and third sections review the demand for and supply of farmworkers, and the fourth section analyzes the operation of the farm labor market and examines the effects of collective bargaining of farmworker wages. The fifth section concludes that the farm labor market is being "balkanized" by being tugged in opposite directions: Technology and collective bargaining are raising wages and integrating some farm and nonfarm labor markets, but illegal immigration is simultaneously reducing wages and further isolating other farm labor markets. Thus, California's farm labor market is being split into narrow commodity and regional segments, making averages less useful and local factors the most important determinants of farm wages and working conditions.

CALIFORNIA AGRICULTURE

California's 82,000 farms produce over 250 commodities that range from milk and cotton to grapes and artichokes. Agriculture is a major industry in California, employing over 700,000 farmers and workers sometime during each year to produce farm products worth $14 billion. California agriculture has several distinguishing features, including multiple cropping on large acreages of high-value, irrigated cropland. The most salient feature for labor market analysis is the importance of commercial FVH farming; in 1982, FVH sales of $7.1 billion were 72 percent of California crop receipts. Some of the FVH commodities such as processing tomatoes, potatoes, and most nuts are harvested mechanically, but the others require large numbers of year-round and seasonal workers for pruning, cultivating, irrigating, and harvesting.

Fruit, vegetable, and horticultural specialty farms tend to rely on hired workers regardless of their size. Farmers do 65 percent of the nation's farm work, but in California hired workers do 77 percent of the state's farm work and often all of the farm work on commercial FVH farms.[2]

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[1] Cattle ranches and feedlots employ seasonal workers, and western sheepherding employs foreign H-2 workers. Midwestern grain farms employ seasonal equipment operators and Canadian H-2 workers are employed by custom combine operators. West Indian and Mexican H-2 workers are employed on Florida sugarcane and Virginia tobacco farms.

[2] In 1981, the average monthly employment of hired workers in California was 223,000 and average farmer employment was 66,000 implying that there are three workers for each farmer employed on a typical day (California Employment Development Department (EDD), 1984).

Instead of farmers directly hiring farmworkers, farm employers are often hired managers, field supervisors, or independent farm labor contractors who negotiate a price for performing a specific farm task such as harvesting. The importance of hired workers and absentee landowners who depend on managers helps to explain why California agriculture reverses a familiar phrase: Farming in California is a business and not a way of life.

The changing structure of farming in California parallels national trends: Middle-sized farms are being pushed either toward the small or large extremes of the farm-size spectrum. Most of California's 82,500 farms are small, part-time operations: 28 percent had less than 10 acres in 1982, almost 48 percent sold less than $10,000 in farm products, and less than half of these "farmers" reported that farming was their principal occupation (U.S. Bureau of the Census, 1984a). At the other end of the size spectrum, 8,800 farms had annual sales of $250,000 or more--these farms accounted for almost 90 percent of California farm sales. It is these large commercial operations that employ the bulk of the state's hired farm work force.

Several FVH commodities are dominated by a few large and integrated grower-packer-shipper firms. In 1982, California had 47,000 FVH farms, including 700 lettuce farms, 10,500 grape growers, 7,500 citrus farms, and 3,300 greenhouses, nurseries, and mushroom farms (U.S. Bureau of the Census, 1984a). These aggregate numbers obscure the concentration of FVH production: The 10 largest lettuce growers produce about 60 percent of the lettuce, the five largest strawberry growers produce or sharecrop about 30 percent of the crop, four large mushroom farms supply 70 percent of the fresh mushrooms, and the two largest nursery operations raise about 30 percent of the nursery stock.[3] Since California produces the lion's share of many FVH commodities, including 72 percent of the nation's lettuce, 71 percent of the strawberries, and 25 percent of the nursery products, concentration of FVH production in California means that a large share of the nation's labor-intensive commodities are produced on a handful of seasonal "factories in the field" with hired managers and hired workers.

FVH production in California is "industrial agriculture" in the sense that large family and nonfamily corporations borrow capital, buy or rent land, hire production managers and workers, and establish subsidiaries that handle the packing and transportation of a substantial fraction of the crop. Throughout the discussion, however, it is important to remember that FVH is different from other agricultural subsectors and that the FVH labor market varies within California by commodity, region, and size of firm.

THE DEMAND FOR FARMWORKERS

California's farm labor market reflects the peculiar nature of FVH production. On most large FVH farms, a handful of year-round or permanent employees are joined by a fluctuating number of seasonal workers who handle particular jobs: pruning trees and vines in winter, thinning, hoeing, and irrigating during the spring and summer, and harvesting in the fall. A few labor-intensive commodities do not fit this peak and trough mold: Nurseries and greenhouses offer year-round work at one location, and some large vegetable growers own or rent land in several areas and offer almost year-round work to employees who move with the harvest from the summer coastal valleys to the winter desert production areas. Commodities such as citrus, strawberries, and broccoli can offer six or seven months employment in one location, but most seasonal farmworkers are employed on one farm for only two to six weeks.

The demand for labor in California agriculture rises and falls throughout the year. In 1982, seasonal farmworker employment reached 61,000--its lowest point--in February and its highest--148,000--in July, a peak-trough ratio of 2.4. Peak-trough ratios vary considerably within the

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3. These concentration estimates are based on a variety of published and unpublished sources and should be treated as approximations.

state, e.g., 9.8 in Imperial County, 5.3 in Fresno County, and 2.9 in Monterey County. These seasonal fluctations mean that three different labor market indicators-- average employment, total work force, and hours worked--are needed to obtain a picture of farmworker employment.

The labor market indicator most often cited is average employment, the number of persons employed during a particular time period such as one day or one week. In California, estimates of average employment are made each month for farmers, regular workers employed by one employer at least six months, and seasonal workers. During 1981, average employment was 289,000 with an average 66,000 farmers, 103,000 regular workers, and 120,000 seasonal workers employed during the 12 survey periods (California EDD, 1984).

The total work force indicates how many persons filled the average 289,000 "12 month equivalent jobs" available in California agriculture. If all farm jobs lasted 12 months and there was no turnover, the total work force would equal average employment. Since farm jobs begin and end, and farmworkers enter and leave the farm work force, the total farm work force exceeds average employment. In 1981, about 600,000 persons filled the average 223,000 jobs available to hired workers, a ratio of 2.7 workers for each year-long equivalent job (Martin and Mamer, 1982). Since 46 percent of these "year-long jobs" were filled by regular workers, a reasonable worker-job ratio of 1.5 for this sub-market implies that there were 3.7 seasonal workers for each year-long equivalent seasonal job, or that adding-up one seasonal worker working five months, another four, another two, and another one month accounts for one year-long seasonal job.

The third labor market indicator is the number of hours worked. Hours-of-work data are not available by state or by type of worker. California accounts for 75 percent of farm sales in the California-Oregon-Washington Pacific production area, however, and Pacific agriculture accounted for 15 percent of the nation's 4 billion farm work hours in 1982. In these Pacific states, 76 percent of the 587 million hours were used to produce crops, with vegetables (156 million hours) and fruit and nuts (219 million hours) accounting for 64 percent of the total (USDA, ERS, 1984).

The major farm labor story in most industrial nations is the declining importance of farm work. In the United States, average farmworker employment fell from 2.3 million in 1950 to 1.3 million in 1980; the total hired farm work force, from 4.3 to 2.7 million; and total hours worked, from 15.1 to 4.3 billion. California is an exception to this "rule" of declining farm work: Average employment was 218,000 in 1950 and 224,000 in 1980; the total hired farm work force fell only from about 800,000 to 600,000; and hours of crop work in the Pacific states declined from 623 to 452 million hours. Hours of work in the Pacific states fell fastest in livestock (down 77 percent), but increased in vegetables (26 percent).[4]

Average and total labor market indicators, however, provide a misleading picture of employment stability because they exclude braceros--Mexicans who came to the United States to do farm work between 1942 and 1964. In 1957, the average employment of braceros in California peaked at 53,000 or 27 percent of average domestic farmworker employment. Braceros probably did a disproportionate share of California's farm work, perhaps as much as 40 to 45 percent, because they were experienced workers in the United States for one purpose: to do farm work.

Hired workers remain crucial to California agriculture despite three decades of labor-saving mechanization because acreages and yields of labor-intensive FVH commodities have soared. During the 1950s, cotton, sugarbeets, and tomatoes employed over 100,000 workers in thinning and harvesting; today, they employ fewer than 20,000 workers. Precision planting, labor-saving herbicides, and harvest mechanization eliminated farm jobs, as did the reduction in the number of times a field was repicked and the switch to bulk or forklift handling of harvested commodities. However, these labor savings were offset by a doubling of FVH production of California, the result of expanded acreages (e.g., grapes) and increased yields (e.g., strawberries). As FVH production expanded and became more concentrated on commercial enterprises, more farmworkers were needed for irrigating and harvesting.

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[4] Livestock and vegetable hours changes are for 1950-1982 (USDA, ERS, 1984).

Production expansion dominated mechanization in the 1970s, increasing average farm employment in California about 6 percent during the decade. Expansion may continue to offset mechanization, as new strawberry and avocado jobs replace those lost to machines that harvest wine grapes, but the 1980s may also witness changes that decrease the number and alter the nature of farm work. These changes include (1) automated drip irrigation systems, (2) dwarf fruit trees whose fruit can be harvested mechanically, (3) increased imports of FVH commodities, and (4) the field packing of vegetables and melons.

Over 96 percent of California's harvested cropland is irrigated, and irrigation requires about one-sixth of the total hours of work in California agriculture (U.S. Bureau of the Census, 1984a). Irrigation traditionally requires workers to open and close furrow valves or move pipe, but the rising cost of water and energy is encouraging the spread of labor-saving drip irrigation systems that deliver a smaller quantity of water to each tree or vine. The result could be an increase in demand for labor to install the new systems, but a reduction in labor needed to run them.

If plant scientists successfully develop dwarf trees whose fruit ripens simultaneously, and engineers improve tree shaking and fruit catching devices, orchardists could sharply increase their demand for labor to replant and prune trees (and install drip irrigation systems) but later reduce their demand for seasonal labor drastically.

California's FVH agriculture expanded with increased affluence, population growth, and the movement of FVH production from elsewhere in the United States. California exports labor-intensive commodities to distant markets in the nation and abroad, and FVH agriculture has faced relatively few competitive imports until recently. However, nations such as Spain and Israel in citrus, Italy and France in wine, Greece and Turkey in raisins, and Colombia in flowers pose formidable competitive challenges to California FVH growers, especially as the strong dollar of the early 1980s makes foreign products cheaper and U.S. exports expensive. If imports further reduce FVH production in California, farmworker employment will decrease.

But farmworker employment may not shrink as fast as mechanization and imports would suggest if harvesting and packaging improvements permit more vegetable and melon packaging to be done in the fields. Vegetable production on large acreages traditionally has separated field harvesting from shed sorting and packaging operations, permitting the use of specialized workers and equipment in each operation. Field workers harvesting vegetables for piece-rate wages may earn $6 to $12 hourly, and packing shed wages may average $7 to $8 for workers who sort and pack the harvested commodity.

Field conveyor belts with packing platforms are now allowing vegetable and melon growers to avoid packing shed costs by substituting harvesting and packing workers who earn hourly wages of $5 to $6. These workers are paid hourly wages because the employer controls the speed of the conveyor belt. Many of these hourly wage workers are women and older men. Unions are apprehensive about field packing because it reduces the importance of the large grower-packers that are easiest to organize. Field packing might also renew conflict between farmworker unions if packing shed unions try to follow their members' jobs into the fields.

SUPPLY OF FARMWORKERS

Who Does Farm Work?

Farmers, who do 23 percent of California's farm work are mostly (93 percent) white. Hired workers, who do 77 percent of California's farm work are mostly Mexicans or Mexican-Americans, although whites, Filipinos, Japanese, Indochinese refugees, Indians and Pakistinis, and Arabs also do farm work in California. Generally, the whites fill professional and clerical farmworker jobs in commercial agriculture, operate equipment on field crop farms, and are employed year-round in the livestock sector. Mexicans and Mexican-Americans are field foremen and workers, irrigators, and equipment operators, although some Mexicans also find employment on livestock farms. The other ethnic groups tend to specialize by commodity and region: Filipinos are concentrated in the grape harvest, Pakastinis in northern California fruit and nut pruning and harvesting, and the Japanese in nurseries.

Physical effort in farm work ranges from relatively easy tasks such operating equipment and sorting fruits and vegetables, to light hand tasks such as hoeing and irrigating, to heavy hand tasks such as manually thinning fruit and harvesting commodities. Although all kinds of farmworkers can be found doing each of these tasks, there is a definite age and sex taxonomy. Younger workers dominate the heavy-harvesting tasks because hand-harvesting involves stooping, climbing, or carrying efforts that "use-up" a worker's back in 10 to 15 years. Young men dominate the hand-harvesting of citrus and tree fruits, melons, and piece-rate vegetables, while older men and women often harvest strawberries, carrots, and other vegetables that are field packed.[5]

Older men do much of the irrigation work, while older men and women of all ages do most of the thinning and hoeing work. Women fill many of the (nonfarm) sorting and packing jobs in citrus, tree fruit, and vegetable packing sheds, and women also do much of the field sorting of mechanically harvested tomatoes. Men of all ages operate farm equipment.

Among the Mexican-heritage workers who fill farm jobs some are citizens, some legal immigrants (greencarders), and others are illegal aliens or undocumented workers. A 1983 survey of California's fieldworkers found that approximately 71 percent were Mexican born and that 22 percent of this Mexican subgroup were citizens; 55 percent legal immigrants; and 20 percent illegal aliens. Although complete data are not yet available, it appears that women fieldworkers are more likely to be legal than men and that the most legal work forces tend to be in the high-wage coastal and Imperial valleys.

FVH agriculture began in California in the 1870s, and for over 100 years waves of immigrant workers have done most of the state's farm work. When American farmers fled to California to escape Dust Bowl poverty in the 1930s Depression, a surplus of farmworkers and wage-cutting prompted efforts to expel Mexicans who had arrived in the 1920s. White farmworkers took armed forces and industrial jobs in the 1940s, causing a farm labor shortage. Farmers successfully petitioned Congress for temporary Mexican workers or braceros from 1942 through 1964 (Craig, 1971). These Mexican braceros were never more than 27 percent of average domestic farmworker employment in California,[6] but their availability permitted FVH agriculture to expand in the 1950s.

A major change in the composition of the state's farm work force is the growing importance of Mexican-born workers: In 1966, a study done for the California State Legislature reported that 46 percent were Mexican (California Assembly Committee on Agriculture, 1969); by 1983, it appears that at least 71 percent are Mexican or Mexican-American.[7] Although whites and other ethnic groups still do a considerable amount of the state's farm work--perhaps half if the contributions of farmers are included--the language of FVH fieldworkers and foremen is Spanish. In the 1980s, all those who enter the farm work force with the intention of doing heavy hand work for wages for 10 to 15 years are Mexican.[8]

During the 1930s and 1940s, surveys of midwestern farmworkers found that most considered hired farmworker employment as an entrée to eventual farm ownership. Farmworkers, therefore, reported that their most urgent need was higher commodity prices (Morin, 1952). This "way station" concept may have been unrealizable even in the 1940s, and few farmworkers in the 1980s will save enough to buy a California farm (at an average cost for land and buildings of $785,000 in 1982). However, many Mexican-born farmworkers do hope to save enough money working in California agriculture to buy or expand a farm in Mexico. This Mexican frame of reference helps to explain why immigrant workers will pay labor smugglers (coyotes) $300 to $500 to bring them to the United States to do farm work (Piore, 1979).

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[5] These assertions are based on five years of observation and research. A more definitive taxonomy of who does various farm tasks will be produced from a 1983 farmworker survey in 1985.

[6] A Presidential commission concluded that California agriculture employed an average 63 percent of the Mexican braceros employed in the United States in 1945, far more than Washington (6 percent) or Idaho (5 percent) (U.S. President's Commission on Migratory Labor in American Agriculture, 1951).

[7] Preliminary data from the California Farmworker Survey of 1983, R. Mines and P. Martin (forthcoming).

[8] There are a few reports of Indochinese refugees seeking hand work, but this appears to be the exception.

Farmworkers who do not come from or return to Mexico still drift out of arduous hand-harvest jobs after 5 to 15 years and seek easier farm jobs such as irrigator, equipment operator, pruner, or hoer. Some of the workers who began doing heavy harvest work when they were 18 to 25 years old find nonfarm jobs through friends or relatives or they learn enough English or enough about the U.S. labor market to search for nonfarm work in urban areas, especially during the off-season. Many farmers fear that the illegal aliens working in agriculture would depart for nonfarm jobs in droves if offered legal status. A speaker for the National Council of Agricultural Employers testified that NCAE members ". . . have a great fear that large numbers, if not all of those workers granted amnesty will seek other jobs--year-round employment in the cities."[9]

THE FARM LABOR MARKET

California's farm labor market matches 400,000 to 500,000 seasonal workers with seasonal jobs each year. For many farmers, an entire year's farm income depends on harvesting a perishable commodity during a critical window of a few weeks or months. Farmworkers, who may find farm work for only 10 to 20 weeks each year, scramble to maximize their earnings during these harvest periods by finding the highest hourly or piece-rate wages. There is an inherent conflict-of-interest between farmers and workers: Farmers prefer a surplus of workers to minimize crop losses and wage costs, and workers prefer labor shortages to maximize wages and work time (see Fisher, 1952, and Sosnick, 1978). Farmers complain of labor shortages and workers report that they can obtain only 20 to 30 weeks of farm work because no more work is available. The dilemma of matching farmworkers and farm jobs to minimize unemployment for workers and crop losses for farmers has defied resolution for decades.

The most important intermediaries who match workers and jobs are bilingual farm labor contractors (FLCs) and field supervisors. FLCs are independent entrepreneurs who assemble one or several crews of 20 to 35 workers and arrange for them a succession of farm jobs. Some FLCs provide transportation, housing, food, and work equipment, but countless stories of FLCs abuse of workers through overcharges and underpayments have prompted repeated efforts to reform or extirpate FLCs. Field supervisors, the other major intermediaries, are often year-round employees who are responsible for recruiting and supervising workers during the busy harvest period. In addition to FLCs and supervisors, some large companies hire directly or through labor co-ops, the public Employment Service matches farmworkers and jobs, and union hiring halls also refer workers to jobs.

The farm labor market in California is being segmented or "balkanized" by unions and illegal immigrants. Recruitment and supervision practices reflect this balkanization. On the one hand, many large unionized or union-influenced employers closely monitor recruitment and supervision to assure that all FLCs and supervisors apply the same hiring, deployment, and firing criteria. On the other hand, many small growers who do not fear union activity permit supervisors or FLCs to handle workers without interference, even though these growers remain liable for the actions of their agents under federal and state labor laws. In some FVH commodities, the chain of command is murky because the buyer or packer of the commodity has a "field man" responsible for determining when, where, and how to harvest.

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[9] Testimony of Perry Ellsworth before the Senate Subcommittee on Immigration and Refugee Policy, May 5-7, 1981 Senate Serial J-97-38, p. 53.

Most recruitment is of the informal word-of-mouth variety. Job and wage information is transmitted from FLCs or supervisors to currently employed workers, who inform their friends and relatives in the United States and in Mexico of job vacancies. These worker information networks are very efficient, capable of bringing additional workers illegally from Mexico within 2 to 4 days. Since farm wages vary within California agriculture, this job information network is a valuable asset for a worker in Mexico who wants to work in the United States, since the network can refer him to a high wage lettuce job, a mid-level wage citrus job, or a lower wage hoeing job.

California farm wages vary by commodity, region, and size of employer. In July 1983, a USDA employer survey reported that California fieldworkers averaged $4.55 hourly, 16.1 percent higher than the $3.92 U.S. average, and California piece-rate workers averaged $6.20 per hour, 32.2 percent more than the U.S. average of $4.69 hourly (USDA, Statistical Reporting Service, 1983). This same USDA survey indicates that California fieldworkers' wages *decreased* 3 percent between 1982 and 1983 (versus a 3.2 percent nationwide increase) and California piece-rate wages dropped 6.5 percent, more than the 2.5 percent drop nationwide. California farm wages fell in 1983 partly because the Payment-in-Kind program idled cotton, wheat, and rice acreage and also because economic turmoil in Mexico drove more workers northward.

A more detailed 1982 employer survey reported that the average wage of year-round and seasonal workers in California was $5.16 hourly (Johnston and Martin, 1983). However, wages for seasonal workers varied from $3 hourly to $20 per hour. Wages were generally highest in vegetables and fruits, which often offer piece rates, and lowest in livestock. Regionally, wages were highest in the coastal valleys near the state's major urban areas and lowest in the relatively sparsely populated Sacramento Valley. Although past surveys have not collected detailed wage information by the number of employees, anecdotal evidence suggests that the largest employers are most likely to raise wages because of union demands or to avoid unionization.

Hourly wages do not indicate annual earnings. A worker employed 50 40-hour weeks in 1982 at the $5.16 average hourly would have earned $10,320, about 30 percent less than the $13,350 that a nonfarm worker would have earned at the $267 weekly average nonfarm wage (U.S. Bureau of the Census, 1984b). However, few California farmworkers work 50 weeks. According to the July 1982 U.S. Department of Agriculture survey (USDA, ERS, 1983), hired workers averaged 43 hours per week, so a $5.16 hourly wage for 26-43 hour weeks yields average annual earnings of $5,769 for adult men. Women and children tend to earn lower hourly wages and work fewer hours.

Most adult farmworkers earn $150 to $300 weekly for 15 to 30 weeks, yielding farm earnings of $2,250 to $9,000. Some farmworkers supplement their farm earnings with nonfarm employment, and many draw up to half their farm earnings in unemployment insurance (UI) payments. In 1981, the average 394,000 farmworkers covered by UI had gross earnings of $2.5 billion or $6,345 each and drew UI payments of $144 million, or $365 each.[10]

These average earnings estimates can be misleading because the California farm labor market is increasingly segmented by commodity, region, and size of employer. A lettuce or citrus harvester employed on a large farm in California's Salinas Valley can average $7 to $10 hourly for 35 hours each week, producing weekly earnings of $245 to $350. Some workers will be employed for 30 to 60 weeks, earning $7,350 to $14,000 and supplementing these farm earnings with $2,000 to $3,000 in UI payments. However, these farmworkers employed in a labor market offering such high wages and maximum UI benefits are an exception. More often, adult farmworkers earn $3.50 to $4.50 hourly for weekly earnings of $122 to $158, and find work for only 15 to 25 weeks. For this majority of farmworkers, annual family earnings rise only as more family members work.

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[10] These average earnings and UI payment figures must be interpreted with caution because there is a large but unknown variance around these means.

How will farm labor markets evolve in California? Those on large vegetable and citrus farms in California's coastal valleys appear capable of recruiting and retaining legal Mexican and Mexican-American workers who earn relatively high wages for 20 to 40 weeks of farm work each year. However, most of the Central Valley's farm labor markets continue to offer short and low-wage jobs to an army of seasonal farmworkers. In the Central Valley, most employers prefer to work politically to maximize the pool of farmworkers available rather than tailor their commodity mix or develop labor management systems to use fewer workers but for a longer employment period. FVH agriculture is likely to shift from the high-wage and union-influenced coastal valleys to the Central Valley over the next two decades, with as yet uncertain effects on farm labor market development.

CONCLUSION

California's labor-intensive agriculture has depended for more than 100 years on an army of seasonal workers to cultivate and pick perishable commodities during short, critical harvest periods. California's farm labor market continues to offer 400,000 to 500,000 seasonal jobs that American workers with other options tend to shun. California agriculture has become more fractured because mechanization, immigration, and collective bargaining do not have the same effects on all commodities or regions. Employers and workers in some commodities and areas, especially large coastal valley vegetable producers, have the type of labor markets that assure experienced workers high wages while working, and unemployment insurance during the off-season.

The farm labor markets of the Central Valley employ almost half of California's farmworkers and promise to become more important as FVH agriculture shifts from the high-cost coastal valleys. Many Central Valley farm labor markets operate as they have for decades: Labor contractors and supervisors are the intermediaries who recruit and supervise workers, so working conditions and sometimes wages depend on the integrity of these key middlemen. Wages and working conditions in the Central Valley vary considerably, and are generally inferior to those in the coastal valleys.

History shows that unions and labor law enforcement have only limited effects on wages and working conditions in an agricultural industry that employs hundreds of thousands of workers on thousands of farms. Farmers have been unwilling to upgrade the farm labor market because upgrading increases labor costs and is not necessary as long as immigrant workers are available. During the next two decades, farmers will face a variety of production and marketing challenges, including rising input costs and imports. Farm labor will remain a problem that "should be dealt with but not now" until the supply of labor is changed by immigration reforms or union activity.

If the supply of labor is not changed, California's farm labor market will continue to offer thousands of seasonal jobs to workers without other options. Mechanization, imports, and commodity programs will eliminate jobs in an irregular fashion. Critics will argue that a farm labor market that has never been satisfactory is becoming even more isolated from nonfarm labor markets. Solutions to farm labor problems in the 1980s will require difficult choices and tradeoffs--painful decisions that farmers, farmworker representatives, and legislators are not anxious to make.

Hired workers on California farms

Philip L. Martin ☐ John W. Mamer

Each year California farms mobilize workers to fill half a million seasonal jobs.

A vast and complex farm labor mobilization takes place every year in California. The most common statistic used to describe this annual mobilization is the estimate of employment of workers on California farms. Such figures do provide us with essential information, but a more complete picture emerges if we also examine estimates of the hired farm labor force—estimates that are only intermittently available.

In discussing hired labor on California farms we have to distinguish three concepts: (1) the hired work force, (2) employment, and (3) work done. The hired work force includes all individuals who do farm work for wages in the course of the year. Employment refers to the average number of individuals actually working at a particular time—for example, the week containing the twelfth day of the month. Employment may also refer to the average number of persons employed during a period of time, such as a year. The third concept, work done, refers to the total hours of work done on farms during the year.

Farm employment estimates are published regularly. We have the least information about the hired farm labor force in California, although the Employment Development Department of the State of California recently made available data about the California hired farm labor force of 1978. Estimates of work done on California farms are only indirectly available, since published statistics group California, Oregon, and Washington together as a region. However, the dominance of California agriculture in this region makes these estimates useful in assessing changes. Although the 1978 hired farm work force figures are the only new data used in this article, the insights they provide are amplified when examined in conjunction with estimates of employment and work done.

TABLE 1. California agricultural workers and wages, 1978

Agricultural wage category	Earnings in nonagricultural occupations						
	$0	$1 to $800	$801 to $4,000	$4,001 to $8,000	$8,001 to $12,000	$12,001 and up	Total
	Number of workers and percent						
$1 to $800							
No. workers	222,410	22,770	27,740	14,530	7,940	12,180	307,570
% of all workers	36.09	3.70	4.49	2.36	1.28	1.97	49.91
$801 to $4,000							
No. workers	89,500	20 880	26,400	12,370	6,290	7,950	163,390
% all workers	14.52	3.39	4.28	2.00	1.01	1.29	26.52
$4,001 to $8,000							
No. workers	37,380	8,630	11,180	5,830	3,130	4,610	70,810
% all workers	6.07	1.40	1.81	.94	.51	.75	11.49
$8,001 to $12,000							
No. workers	19,330	3,590	4,880	3,150	1,770	2,360	35,080
% all workers	3.14	.58	.80	.51	28	.38	5.69
$12,001 and up							
No. workers	18,930	3,740	6,030	4,020	2,570	4,140	39,430
% all workers	3.07	.61	.98	.65	.42	.67	6.40
TOTAL							
No. workers	387,550	59,660	76,230	39,900	21,700	31,240	616,280
% all workers	62.89	9.68	12.37	6.48	3.53	5.07	100.00

Source: California, Employment Development Dept.

Annual mobilization

In 1978 the hired work force consisted of 616,280 individuals who worked for wages on California farms (table 1). During the average week, only 218,400 of these workers were actually employed on California farms (table 2).

One could say that there were 218,400 jobs on California farms in 1978 and that each job was filled by 2.82 workers in the course of the year. However, it may be more appropriate to visualize the situation as one in which there were 616,280 jobs, most of them of short duration, and a year's employment is created when 2.82 of these average jobs are added together.

The annual mobilization is, in fact, more complex than these averages suggest. Employment and labor force estimates for 1978 indicate about 102,000 jobs that continued from year to year and over 500,000 seasonal jobs that were filled and vacated during the year.

Statewide employment figures do not convey a true picture of farm labor market dynamics. For example, in 1978 employment of hired farm workers statewide ranged from 166,900 in January to a high of 279,000 in September (a peak-trough ratio of 1.5), while employment in Fresno County (the largest agricultural county in the United States) ranged from 18,000 to 53,200 (ratio 2.9). Seasonal worker fluctuations are even more pronounced — 74,600 to 167,100 for the state, 8,100 to 41,010 for Fresno County (table 2).

Fresno County illustrates local employment patterns in California agriculture. In May 1978, 18,020 seasonal workers were employed. By mid-June employment increased to almost 29,000, and in September reached 41,010. By the middle of October it declined to 16,560.

Month-to-month variations in employment are greater at the state than those at the county level in absolute terms, but much lower in relative terms. At the local level the number of seasonal jobs can more than double and can also decline by more than half in a month.

These sharp variations, often obscured in state data, stem from the farm and regional specialization in labor-intensive crops that characterize California agriculture. Such specialization has made it possible to take advantage of the relatively large areas with unique soil and climatic characteristics. Farm operators, in selecting crops to be grown, give most consideration to soil, market, and climate. Availability of labor only occasionally enters into the decision.

Earnings

The labor supply that has evolved to provide the workers needed on California farms is largely local. Employment figures indicate that, during the peak month, migrant workers constitute less than a third of the total number of farm workers employed. The dominance of local labor and the limited extent to which farm and nonfarm employment are combined tend to result in low annual earnings.

Of the 616,280 individuals who did some work for wages on California farms in 1978, 307,570 earned $800 or less in agriculture. About 222,410 of these worked only in agriculture, and about 85,000 farm workers also had nonfarm earnings (table 1).

Although most of the 616,280 farm workers had relatively low annual earnings, several thousand earned more than $12,000 from both farm and nonfarm work. Indeed, 4,140 individuals earned more than $12,000 in agriculture and more than $12,000 in nonagriculture. Almost a quarter of the workers who had both farm and nonfarm jobs earned more than $8,000 in nonfarm jobs during 1978. Over 38,000 farm workers earned more than $8,000 in agricultural employment. And slightly more than 62 percent of all individuals employed on farms in 1978 had no other employment.

Numbers of employers

Distribution of workers by farm employers is bimodal: a relatively large number work for only one farm employer and no nonagricultural employer; another group works for one or more farms and one or more nonfarm employers (table 3). In 1978, 261,280 individuals worked for only one farm employer and no nonfarm employers; 80,230 worked for one farm employer and one or more nonfarm employers.

However, almost 5,000 individuals worked for more than 10 agricultural employers and no nonagricultural employers. An additional 21,000 worked for 10 or more farm employers and one or more nonfarm employers during the year, 9,650 of these for one or two nonagricultural employers, and 11,430 for three or more nonagricultural employers. Finally, 6,590 individuals worked for six or more agricultural employers and six or more nonagricultural employers.

These figures suggest that many California farm workers make a vigorous effort to find more employment — farm and nonfarm. However, from the available data, it is not possible to determine the extent to which working for more than one employer (farm and nonfarm) results in higher earnings. Low annual earnings suggest that multiple jobholding does not necessarily help to increase incomes, but we have no dependable information on the effectiveness of workers' job search efforts.

The farm labor market is changing. New patterns have emerged in employment, labor force, and work done.

During 1950-80, average employment of hired workers on California farms increased (1950-56), then decreased (1966-73), and then increased again (1974-80). Over the 30-year period, employment of seasonal workers during the peak month followed approximately the same pattern of increase, decrease, increase. Yet in 1980, average annual employment of hired workers was only 1 percent below the 1950 level, and that of seasonal workers and regular workers was very close to the 1950 level.

Some significant changes did occur, however, in the roles of family and hired labor. During 1950-80, average use of family labor dropped from 132,100 to 64,200, a decline of about 52 percent. Because about as many hired workers were employed in 1980 as in 1950, the relative share of family labor on farms during 1950-80 declined from 58 to about 28 percent.

The dominant change over the three decades was the absolute decline in employment of farmers and unpaid members of their families, and the increasing importance of seasonal and regular hired workers.

Estimates of the hired farm labor force are only intermittently available and have been published for only three years, 1965, 1966, and 1978. The total number of individuals who worked for wages on California farms in these years was 706,250, 689,904, and 616,280. Estimates of the total number of individuals who worked for wages during each of the four quarters, available only for 1965-72, as well as the annual data referred to previously, suggest that from 1965 to 1978 the number of individuals who worked during each of the four quarters has declined somewhat, but the few years for which we have

TABLE 2. California agricultural employment: total hired and seasonal workers, midmonth estimates, 1978

	State		Seasonal workers, selected counties	
Month	Total hired	Seasonal	Fresno	Tulare
January	166,900	81,900	20,930	11,650
February	170,300	77,000 L*	12,130	9,550
March	172,600	74,600	8,100 L	7,300 L
April	188,400	89,200	10,710	9,530
May	231,700	124,700	18,020	15,280
June	273,400	163,600	28,890	26,690 H
July	259,600	150,800	28,970	21,170
August	263,700	153,200	35,020	19,670
September	279,200	167,100 H	41,010 H	14,850
October	249,900	141,900	16,560	20,780
November	181,200	80,800	10,420	9,550
December	184,200	87,800	15,270	11,800
Annual average	218,400	116,000	20,500	14,800

Source: State of California, Employment Development Department, Employment Data and Research, Report 881M, January 1980.

*L means low month, H means high month.

data make it hazardous to describe trends.

Although estimates of work done are published only for the three Pacific states, California, Oregon, and Washington as a region, these figures shed additional light on patterns of farm employment in California.

The total hours of farm work done in the three states declined form 1.093 billion in 1950 to 624 million in 1979 (table 4). Most of this decline was in meat animals, milk cows, poultry, and cotton, in each of which labor used decreased 50 percent or more. On the other hand, hours used to produce vegetables and fruit and nut crops, which account for half of the labor used on farms in the Pacific states, increased between 1960 and 1979.

This change in labor inputs—hours of work done—reflects changes both in technology and in volume of production. Over the years, California agriculture has accounted for more than three-quarters of the fruits, nuts, and vegetables produced by the three states.

It should be noted that labor used declined in those sectors where regular rather than seasonal workers are likely to be employed. Labor input increased in fruits, nuts, and vegetables, where seasonal labor is likely to be more important. This is consistent with the employment data showing stability of employment for seasonal and regular labor, and a decline in family labor. As farms become larger, the use of farmer and unpaid family labor has tended to decline relatively and absolutely. Increases in productivity per hour have been roughly offset by increases in the proportion of labor inputs provided by hired workers. The hired labor input has increased relatively but remained fairly stable in absolute terms.

TABLE 3. Workers on California farms by number of employers, 1978

Agricultural employers		Number of employers worked for by hired farm workers: Nonagricultural employers: 0	1,2	3-5	6-10	Total
		Number of workers and percent				
1	No. workers	261,820	69,230	9,910	1,090	342,050
	% of total	42.48	11.23	1.62	.17	55.50
2	No. workers	57,530	33,130	7,740	950	99,350
	% of total	9.34	5.38	1.25	.15	16.12
3	No. workers	25,210	18,980	5,640	1,020	50,850
	% of total	4.09	3.08	.92	.16	8.25
4	No. workers	14,740	12,250	4,460	800	32,250
	% of total	2.39	1.99	.72	.14	5.23
5	No. workers	8,970	8,720	3,640	680	22,100
	% of total	1.46	1.41	.59	.13	3.59
6	No. workers	5,630	6,820	2,830	690	15,970
	% of total	.91	1.10	.46	.10	2.59
7	No. workers	3,910	4,560	2,370	650	11,490
	% of total	.63	.74	.38	.09	1.86
8	No. workers	3,010	3,960	1,920	540	9,450
	% of total	.49	.64	.31	.08	1.53
9	No. workers	1,810	2,800	1,620	540	6,770
	% of total	.29	.46	.25	.09	1.10
10 & more	No. workers	4,920	9,650	7,260	4,170	26,000
	% of total	.80	1.56	1.18	.68	4.22
TOTAL	No. workers	387,550	170,120	47,390	11,220	616,280
	% of total	62.89	27.61	7.69	1.82	100.00

Source: California Employment Development Department

TABLE 4. Labor: total hours used for farm work by selected enterprise groups, Pacific region, 1950-79

Year	All farm work	Meat animals	Milk cows	Poultry	Vegetables	Fruits and nuts	Cotton
				Million hours			
1950	1,093	53	152	71	124	291	59
1955	953	61	140	57	124	253	44
1960	871	60	104	50	126	238	45
1965	724	56	73	41	124	211	26
1970	649	50	48	34	129	203	16
1975	651	41	29	22	158	223	12
1976	635	39	25	19	142	233	13
1977	623	37	21	17	153	226	13
1978	596	36	17	15	149	219	10
1979	624	35	13	13	156	243	11

Source: U.S. Economics and Statistics Service. *Economic Indicators of the Farm Sector: Production and Efficiency Statistics, 1979.* Statistical Bulletin No. 657, February 1981. Table 43, p. 63

Conclusion and questions

The farm labor market in California does an unheralded job of matching thousands of farm workers with jobs. There are few accounts of crop losses because farmers were unable to assemble adequate crews of farm workers. Average annual employment and the number of individuals who work for wages on farms show substantial year-to-year stability. Employment of seasonal farm workers has been relatively stable for more than a decade and the hired labor force has not been declining precipitously.

However, it should be noted that the statistics provide no indication of the share of work done by undocumented workers. We suspect that the aggregate stability in employment and the gradual change in size of the hired labor force may be to some degree an illusion. The low annual earnings of a relatively large share of the labor force leads to questions about the extent to which the workers achieve their employment and income goals, about which we do not have reliable information. If farm workers are not reaching their goals, the longer run availability of such workers to agriculture may become increasingly uncertain, particularly when employment in the nonfarm sectors of the economy increases. The increased employment of undocumented workers, about which we have only anecdotal and indirect evidence, can be interpreted as a substitution of foreign workers for domestic workers who are seeking to satisfy their aspirations in the nonfarm sectors of the economy or are leaving the labor market.

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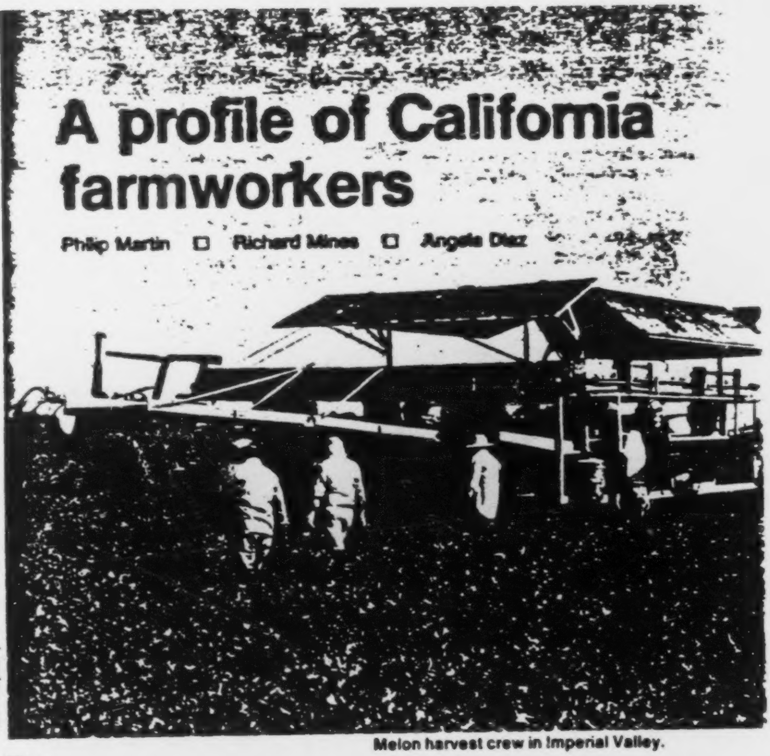
A profile of California farmworkers

Philip Martin □ Richard Mines □ Angela Diaz



Keith Mayberry

Melon harvest crew in Imperial Valley.

Recent debates on immigration reform have generated contradictory statements about California's farmworkers. Some advocates of a legal guestworker program contend that most seasonal farmworkers are illegal/undocumented workers who would abandon agriculture for nonfarm jobs if offered an amnesty. Other observers counter that many U.S. citizens and legal immigrants also do seasonal farm work, and that modern personnel practices could attract and retain more such workers.

In August 1983, the University of California and the California Employment Development Department interviewed 1,286 farmworkers throughout the state in an effort to establish an up-to-date profile. Each of EDD's 42 farmworker offices interviewed 30 workers, selected in a manner to reflect the approximate number and characteristics of fieldworkers involved in each office area's agriculture (detailed survey methodology will be published in a forthcoming Giannini Foundation Information Report). The UC-EDD sample provided the most comprehensive picture of farmworkers since a 1965 California Farmworker Profile requested by the state legislature.

Farmworker characteristics

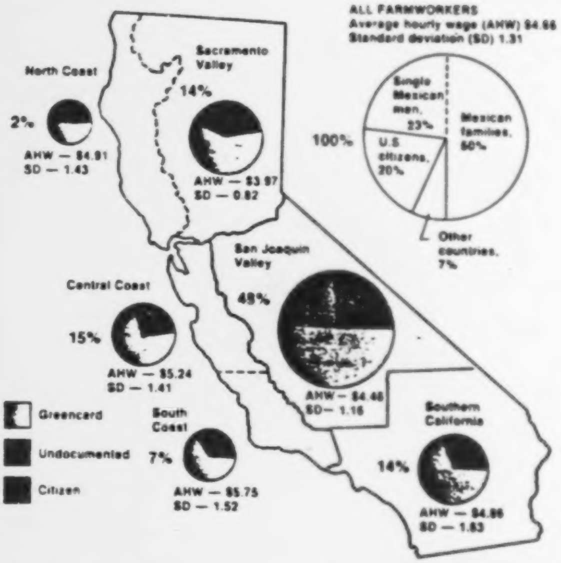
Most of the 1,286 farmworkers surveyed in 1983 were immigrants: 80 percent were persons born abroad who later entered the United States. Most of these immigrants — 73 percent — were born and raised in Mexico. U.S.-born farmworkers (20 percent) and those born in other countries (7 percent) composed the rest of the sample.

Most of the immigrants had greencards (work and residence documents issued by the U.S. Immigration and Naturalization Service), which entitled them to work legally in the United States. The validity of these greencards was not established by interviewers, so the legal status estimates presented here are minimums. Fully two-thirds of the 1,028 immigrant farmworkers interviewed had greencards, 25 percent were clearly illegal or undocumented, and 5 percent had their legal status pending. Many families headed by legal or undocumented immigrant adults included U.S. citizen children.

A disproportionate number of illegals were young men, and the arduous harvesting tasks employing young men in citrus, grapes, and tree fruits had work forces that were 30 to 50 percent illegal. Illegal workers were not distributed uniformly around the state; the coastal vegetable areas had fewer illegals than the Central Valley.

Farmworkers had a household size distribution unlike the general work force in California. One-third of the adults interviewed lived alone, another third lived in households with five or more members.

CALIFORNIA FARMWORKERS
Percentage Distribution



These large households included 60 percent of the total 4,600-person sample population (persons interviewed plus spouses and dependents). Almost 50 percent of the 4,600-person sample were children 17 or younger living with their farmworker parents.

The 1,286 adult farmworkers interviewed fell into three groups: Mexican-born persons who settled in California with their families (50 percent); Mexican-born men living and working alone in California (25 percent); and farmworker families headed by U.S. citizens (16 percent). Each group had unique attributes: settled Mexican families included the legal immigrant farmworkers who did over half the state's farm work, unaccompanied Mexican men filled a disproportionate share of the hardest and highest wage piece-rate harvesting jobs, U.S. citizen farmworkers operated much of the farm equipment.

Farm work and migrancy

California agriculture generates an unusually large number of short two- to six-week jobs. This seasonal demand for labor on one farm means that most farmworkers must change employers and tasks (for example, switch from pruning grapes to thinning peaches) or follow a task around the state, usually by moving from south to north with the harvest, such as from Imperial to Fresno for the melon harvest. Most farmworkers must be flexible about the jobs or tasks they are willing to perform or be migratory to accumulate a significant number of weeks of work in California's seasonal agriculture.

There are two types of migrant farmworkers: back-and-forth migrants cross the U.S. border to work in California agriculture, while follow-the-crop migrants leave their temporary or permanent U.S. homes overnight to do farm work. About 6 percent of the sample were both back-and-forth and follow-the-crop migrants. A total of 40 percent of the sample were migrants — back-and-forth, follow-the-crop, or both.

Most farmworkers interviewed indicated that they were unwilling or unable to change employers frequently or to migrate, so they obtained farm work for less than half the year. The average married male in this survey did farm work for 26 weeks, did nonfarm work for 3 weeks, was unemployed 21 weeks, and was outside the United States 2 weeks. Thus, the most ambitious and committed group of farmworkers was unemployed over 40 percent of the year. Such unemployment rates encourage workers to abandon farm work when they are offered nonfarm jobs. Relatively few of the adult men who did most of California's farm work found temporary nonfarm jobs. The three most common nonfarm jobs were in services, canning/packing, and gardening/janitorial work; the first two are usually filled by women, explaining why married women averaged 4 weeks of nonfarm work annually (versus 2 weeks for men).

Over a 12-month period, adult men (married and single) averaged 25 weeks of farm work, adult women 16 weeks, and farmworker children (14 to 17 years old) 8 weeks. These differences in weeks of farm work mean that a group's representation in the workforce is not the same as that group's share of work done: adult men made up two-thirds of the sample but did 74 percent of the farm work.

A similar distinction can be drawn between casual, seasonal, and year-round workers. Casual workers who did less than 12 weeks of farm work represented 34 percent of the sample but contributed only 12 percent of the total farm work. Seasonal workers — 50 percent of the sample — worked 13 to 17 weeks and contributed 56 percent of the work. Regular or year-round workers employed 38 or more weeks made up 16 percent of the sample but contributed 32 percent of the farm work.

The difference between a group's representation in the work force and its share of the farm work done is important to the calculation of the number of guestworkers that would be needed after an immigration reform. As indicated by this survey, most guestworkers would be men, and an average adult man's work (25 weeks) is equivalent to that of one adult woman (16 weeks) plus one child (8 weeks). A minimum necessary work force can be calculated by knowing that the 2,230 adult farmworkers in the sample (the 1,286 interviewed plus spouses) contributed 49,000 weeks of farm work in 1982-83. If these 49,000 weeks had been contributed by 50-week employees, only 980 workers would have been required. Even at a more realistic 40- and 30-week employees, only 1,225 and 1,633 workers would have been required. Thus, if farm work were reorganized to employ fewer workers longer, the farm work force could be reduced by 27 to 56 percent.

However, there would have to be changes in the tasks normally performed by each group. The survey indicates that young adult men (18 to 35) fill most of the heavy harvesting jobs such as picking citrus and tree fruits on ladders and harvesting vegetables and melons. Women, children, and older men fill many of the

California farmworker characteristics and earnings

Characteristic*	Southern California	South Coast	Central Coast	Sacramento Valley	San Joaquin Valley	North Coast	California
All farmworkers (% distribution)	14.3	7.2	14.5	13.6	48.2	2.1	100.0
Mexican families	18.6	7.7	16.7	12.2	42.7	2.2	100.0
Illegal/ undocumented	5.9	18.5	11.9	17.8	25.2	51.9	19.5
Farm work (weeks)	24.0	28.7	21.1	20.4	21.1	27.6	21.9
Men	27.4	32.3	23.5	23.9	23.5	32.1	24.8
Migrants (%)	31.8	26.8	45.4	47.0	33.0	46.2	36.7
Follow-the-crop	20.7	3.3	29.1	17.3	16.6	10.3	18.5
Jobs with hourly wages	58.4	47.8	61.3	66.6	6.42	92.6	62.3
Hourly wage ($)	4.86	5.75	5.24	4.42	3.97	4.51	4.66
Piece-rate wage ($)	6.69	8.64	7.54	5.71	5.10	—	5.97
Annual earnings† (Family of 4)	8,068	8,090	7,472	6,685	9,223	11,025	8,277
Number	(27)	(18)	(22)	(17)	(77)	(5)	(164)
Unemployment insurance (%)	80.1	71.7	70.4	74.9	58.4	37.0	66.7
Own car/truck (%)	73.9	78.1	80.6	78.6	70.5	63.0	73.5

SOURCE: UC-EDD Farmworker Survey, 1983

* Sample size varied from 150 to 1,286 households

† Weeks worked at $175 weekly to reflect average wages of men, women, and children.

thinning and hoeing jobs and the light harvesting and sorting jobs. Older men hold many of the irrigating jobs and do many of the semi-skilled tasks such as pruning. Harvesting aids might permit the women, children, and older men, who tend to be local residents, to do more of the harvest work.

Earnings and assets

The average farmworker interviewed earned $5.10 hourly and worked 36 hours to earn $184 weekly. Since the average worker did 23 weeks of farm work, farm earnings averaged about $4,200. These "averages" should be interpreted cautiously, since there was a very high variation around them. The standard deviation from the $5.10 hourly wage was $2.70, indicating that two-thirds of the workers in the sample earned $2.40 to $7.80 (there were few workers who reported wages under $3.35 hourly).

There are three major wage systems used to pay farmworkers: salary, hourly, and piece rate. Sixty-two percent of the 1,286 workers interviewed (all fieldworkers) earned hourly wages, 31 percent piece rates, and 7 percent both.

Piece-rate wages tend to be higher than hourly wages. Piece-rate wages may be individual, as when each worker's production is recorded in citrus and strawberries, or an entire crew may divide a crew piece rate that reflects the day's harvest, such as in lettuce or melons. Surveyors recorded the individual or crew piece rates, average productivities or outputs, and average daily hours, which permitted the translation of piece rates into hourly equivalent wages. Across 1,017 workers, crew piece rates averaged $7.15 hourly, individual piece rates $5.97, and hourly workers $4.60.

Immigrant men in the coastal valleys were most likely to have piece-rate jobs, immigrant women most often earned hourly wages, and U.S. citizen farmworkers were likely to be paid hourly wages for sorting commodities or operating equipment. The immigrant men who did most of California's harvest work had higher than average hourly earnings because they filled a disproportionate share of the piece-rate harvesting jobs.

Hourly wages varied from $3.90 to $4.90 for different regions of the state but did not vary significantly with an individual's legal status or with level of education. The major source of variation in hourly wages was region: wages in the coastal valleys of California were substantially higher than elsewhere. Combining hourly and piece-rate workers' wages reported in this survey indicates that average wages varied from $4.15 to $7.26 hourly, with the lowest wages in the Sacramento and San Joaquin valleys and the highest in the Central and South Coasts. There was a great deal of variation in the higher wage areas. The standard deviation around the $6.17 Central Coast wage was $3.32, but it was only $1.93 around the $4.60 San Joaquin average.

Most farmworkers obtained 70 to 85 percent of their total earnings from farm work and, surprisingly, average weekly farm earnings ($184) were higher than average nonfarm earnings ($159). Farmworkers who returned to Mexico rarely worked for wages for the two to ten weeks they spent there, so a farmworker household's earnings typically increased only with more family members working in the United States.

Family or household earnings can be calculated after the average weekly wage for all farm and nonfarm work and for men and women is determined to be $181 (the $184 noted previously is for farm work). Almost a third of the 1,286 households consisted of just one person. These workers averaged a total 29 weeks of farm and nonfarm work and earned $5,000. Another third of the households had five or more persons, who collectively worked 56 to 78 weeks and earned $9,800 to $13,800. An average family of four worked a total 49 weeks and earned $8,800.

Farm and nonfarm earnings are supplemented by transfer payments and social services. Fully two-thirds of the 1,286 households had at least one person who obtained unemployment insurance (UI) benefits. If farmworker households obtained maximum UI benefits — up to one-half earnings — the $8,800 earned by a family of four could increase to $13,200.

Farmworker households also received other services and payments: 26 percent obtained food stamps, 24 percent MediCal benefits, 21 percent publicly subsidized housing, 14 percent disability insurance, 12 percent Aid to Families with Dependent Children (AFDC), and 5 percent Social Security. The amount of each benefit was not determined in this study. Some households undoubtedly participated in social service programs only for a short time. There was little difference between Mexican-born and U.S.-born families in these social insurance programs: 60 percent of the households obtained benefits from at least one program and 20 percent two or more. Most undocumented workers did not obtain UI or welfare benefits. Only 10 to 30 percent of the illegal workers obtained benefits.

Most farmworker households (73 percent) owned a car or truck, 20 percent owned a home in the United States, and 35 percent owned homes in Mexico. Over 28 percent of the households had a U.S. bank account, and 15 percent had a bank account in Mexico. Asset ownership varied with legal status: 82 percent of the U.S. citizens and legal immigrants owned a car or truck versus 44 percent of the undocumented workers.

Conclusions

The picture that emerges from this survey is that settled Mexican families do most of the state's farm work for high hourly but low annual earnings. Efforts to restructure farm jobs so that fewer workers could be employed for longer periods would alleviate employer fears of labor shortages and raise farmworker earnings.

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Representative SCHEUER. Thank you very much, Professor Martin. I'm not at all knowledgeable in the field of agricultural economics and you are, and I take my hat off to you for that. It's always been an area that's baffled me completely.

But one of the arguments you often hear justifying the flow of illegal immigration from Mexico—and I think this underlies the administration's rather complacent attitude about it—is that for the industrialized agribusiness community of the South, the Southwest and the West, very well represented by California as you indicated, the supply of cheap, easily exploitable labor is good for agribusiness and that it's necessary for agribusiness.

Now the question I'm asking you is, do you believe that, or are there alternatives to cheap, easily exploitable labor? Agricultural machinery, high technology applied to stoop labor displacing human beings. Is it good for our country and, more specifically, let's narrow our focus—is it good for agribusiness and is it necessary for agribusiness? It is necessary? Is it good or even necessary for agribusiness to have a limitless flow of cheap, easily exploitable and comparatively unskilled farm labor?

Mr. MARTIN. The short answer is, it's absolutely necessary to have the continued flow of labor if you don't want to have any change in that agriculture.

Representative SCHEUER. If you don't want to make capital investments in equipment?

Mr. MARTIN. The agriculture of Cailfornia is based on water, which is dammed up and flows south through State and Federal Government channels. It's based in part on the Tax Code and the tax breaks that are available to people who invest in that kind of agriculture, and it's based on labor. It's also based in part on marketing orders which allow some farmers to control the flow of commodities to the market.

There are a lot of things which have shaped agriculture and structured it to be what it is now. Any change in one of these dimensions—water, taxes, marketing, or labor—is going to be costly. Some people are going to be put out of business by it. Other people are going to benefit by it.

Therefore, any time you propose a change in the availability of labor, you are essentially threatening the livelihood of a certain group of employers because some of them would not survive the transition. Therefore, you can understand why there is powerful opposition to any kind of a change.

To give you an example, there was, as you know, under the Bracero Program opposition to termination of that program and there were predictions that many farmers would go out of business and that the price of commodities would go up and all that sort of thing.

Some farmers did go out of business. Whether the price of the commodity went up or down is unclear and, in the case of tomatoes, which was the big commodity that was mechanized right after the end of the Bracero Program, the price of tomatoes did not go up substantially. But in making the transition some farmers and some American workers were hurt and I think the essential truth in dealing with labor in California agriculture is that the structure has evolved to be dependent on the flow of immigrant workers. To change that dependency is costly and, therefore, there is enormous resistance to any kind of change.

Representative SCHEUER. It may be costly, but it may be desirable to encourage capital investments in labor-saving, stoop-labor-saving machinery.

Let me ask you, just to contrast things—the farmers in the European Economic Community, have they depended on a continuing flow of low-skilled, low-paid labor from Algeria, from Turkey, from Spain, and so forth; or have they invested in capital intensive equipment that would be a saving in stoop labor, and how has their competitive position been affected by the presence or absence of the continuing large-scale guestworker program?

Mr. MARTIN. In general, the European questworker programs were started by manufacturing and construction and some workers slipped into agriculture and services.

In our country, the guestworker programs have usually had their origin in agriculture, with some slippage out of agriculture into construction and other things.

But the biggest difference between Europe and the United States in agriculture is that in most of continental Europe there are relatively few hired workers. It's a family farming system; just as there are not a lot of illegal workers in Iowa because it's a family farming system, in Europe or in Germany, for example, there are not a lot of immigrant workers in agriculture because it's a family farming system. And that's true in most of Italy and Spain.

There are a substantial number of European hired workers and the place that's closest to California is southern France where there seems to be a relatively heavy dependence on Algerian immigrant workers to produce commodities especially fruits and vegetables for the Paris region.

Representative SCHEUER. Do you think by and large that we need a resurgence, a rebirth, of the Bracero Program?

Mr. MARTIN. Well, I think I've said a number of times that California agriculture and the country would be better off phasing out dependence on labor via mechanization. What California did was say that distance is not relevant to produce fruits and vegetables. In other words, the lettuce grown in California commands a higher price in New York City than the lettuce grown in New York State does, even though it's only an hour or two away.

So the technology and the plant breeding and the scientific advances made distance irrelevant.

The problem is that as developing countries learn that same trick they are going to have even lower cost land, even lower cost water, and lower cost labor. So what I have said is that if you project this thing out 15 or 20 years, there's no way that California will be able to continue competing on wages unless we have a totally isolated farm labor market in which no "American" worker will go out and work. It's getting to be like that in some commodities and in some areas already, that it's completely immigrant workers—in some cases, completely illegal immigrant workers and, therefore costs can be held down and competition with producers abroad can be maintained.

But in the long run I have always thought that such a system is not sustainable. If our wage levels average $4 an hour or $5 an hour in agriculture and they are under $1 an hour abroad, eventually foreigners are going to get their technology and their water and their marketing together and be competitive and we already hear about that. We hear about the subsidized Turkish raisins coming into the United States. We hear about the South African——

Representative SCHEUER. Subsidized by whom?

Mr. MARTIN. Well, there is, as you probably know, a continuing row between the United States and Europe and particular other countries about unfair agricultural subsidies. Our producers argue that either the European Community is subsidizing Greek apricots or raisins or the Turkish Government is doing it and, therefore, we slap tariffs or quotas or in some other way limit the influx of the imported products. This kind of dispute is going on all the time.

Take Colombians in flowers: we allege that it is not just a pure flower market; there is also a drug trade connected with it; therefore, they can produce cheaper than we do so we want to put a tariff or limit in some way the import of flowers. We already see a bit of the international competition in these labor-intensive commodities.

Representative SCHEUER. We strictly limit the importation of fruits and vegetables from Mexico like tomatoes. Mexican tomatoes are far better than American tomatoes, yet we don't permit their importation here.

Mr. MARTIN. Well, what we have in that instance is a marketing order which requires the Mexican producers to produce to exactly the same standards as the Florida producers.

Representative SCHEUER. Yes, we've achieved a miracle in marketing orders. Apparently you have to have a tomato that you could drop off the top of the Leaning Tower of Pisa onto a concrete platform and it wouldn't bruise. If it could pass that test, then I suppose we would let it into the country, although it's odorless, colorless, and tasteless, and an offense to the human body and the human taste buds.

Mr. MARTIN. I think your point is well taken but I think the idea is that we have set up certain procedures which our producers maintain are to help the American consumer. The foreign producers might allege that these procedures just protect the American industry, and there are volumes and volumes of debate on the issue of the real impact or the real intent of such programs.

Representative SCHEUER. Well, thank you very much.

Professor Dunn, I really enjoyed your testimony and I am hard put to come up with answers or even questions to ask you in response to your indictment of our national policy.

I had thought that the courts were doing a little bit better than the executive branch or the legislative branch. The courts—and I think extremely wisely—have required States to provide free education for the kids of illegal immigrants and I think they have also required States to provide health services to them on the premise—the rather transparently obvious premise that if these kids are here or people are here, we don't want the kids to grow up functionally illiterate or totally illiterate and be absolutely unable to assimilate into American life. Neither do we want them to be moving about us with communicable diseases.

So it's a minor point.

Mr. DUNN. Oh, I don't think it's a minor point at all, Mr. Chairman.

Representative SCHEUER. You added the words "the courts" when I said——

Mr. DUNN. And I stand by that, but the people of Dade County and the people of Florida don't need the courts to tell us to treat sick children and sick people. We don't need the courts to tell us to educate children.

Representative SCHEUER. Well, apparently the people of Texas needed the courts.

Mr. DUNN. Well, the people of Texas may not be as generous as the people of Florida.

But if the court system were working effectively, then we wouldn't have these people by the hundreds held in prisons around the country in limbo indefinitely with no legal solution at hand. I don't think the courts have anything to crow about in terms of having helped us out of this problem.

Representative SCHEUER. What would the courts be doing with the people who are now held in prison for having come in here without documentation illegally?

Mr. DUNN. I'm sorry. What should they be doing?

Representative SCHEUER. Yes.

Mr. DUNN. Well, I think the courts might require a higher standard of proof from the Government that some of these people are dangerous, for example. The impression in Miami—as a matter of fact, it may be attendant to the disturbance last night—by many people is that for a lot of people still in jail there's no reason for them to be in prison and that the Government has overstated its case. I can't comment beyond that.

Representative SCHEUER. Is the Government under a legal obligation to show that they are dangerous or isn't the fact that they are here illegally ipso facto enough for the Government to want to remove them? It's obviously impossible for us to remove the millions and millions of illegal immigrants and perhaps we shouldn't be making invidious distinctions as between Cuban illegals, Haitian illegals, and Central American illegals and Mexican illegals, and maybe we are. But would you say that the Government now, faced with this absolute avalanche of illegal immigrants, should have to prove that an illegal immigrant is dangerous in order to send him back from whence he came?

Mr. DUNN. Well, the people who are being held in these detention camps are being held because they have a record from Cuba for having broken the law and having not just broken the law but having done something that was life threatening or in some way suggested that they were dangerous.

Representative SCHEUER. Right.

Mr. DUNN. Other people were released, of course.

Representative SCHEUER. I see.

Mr. DUNN. As you know, the problem has been we can't get Castro to agree to take them back and it's a very uncomfortable situation for both sides.

Representative SCHEUER. Would you agree with Governor Lamm that the most important thing we could do to staunch the flow of illegal immigration would be for Congress to legislate employer sanctions against the employment of the undocumented aliens or illegal immigrants, however you wish to characterize it?

Mr. DUNN. Oh, yes, most definitely.

Representative SCHEUER. You would support that?

Mr. DUNN. Yes, I certainly would. I think it's criminal for people to be able to exploit these workers as they are without very significant sanctions against doing it. It's almost profitable. Certainly it's worth the risk to hire illegal aliens and if you get caught pay the fine, and why worry about it?

I see this as probably a reflection of perhaps the wimpish stance of Congress in terms of being talked into agreeing to the lobbyists who have actively worked against significant laws against hiring illegal aliens.

Representative SCHEUER. As to the Cubans in Miami and the question of assimilation, which the first panel addressed, Mr. Teitelbaum and Mr. Graham, on the assimilability or the rate of assimilation of these groups, do you find that Cubans in Miami are assimilating at a faster rate than the other Hispanics? Do they seem to want to stay here?

Mr. DUNN. Yes.

Representative SCHEUER. Or do they have their eye really set on going back to Cuba? What explains the differential rate of success between the Cubans and other Hispanics who have come here?

Mr. DUNN. The first first wave of Cubans, Mr. Chairman, who came into Florida were relatively privileged Cubans who came here even with the wealth.

Representative SCHEUER. The managerial and executive classes?

Mr. DUNN. Yes, before Castro decided to prevent people from leaving with any real property. So these people came in with the training, experience, money and the ability to assimilate very quickly and very easily and, of course, the spirit in this country was one of welcoming them because of their having escaped communism and all of that. So tremendous amounts of resources were made available to assist them to adjust and to assimilate.

As to interest in going back to Cuba, there appears to be at least lipservice given to that, but I think Cubans in Miami gave up on that after the Bay of Pigs invasion and the agreement made between the United States Government and the Soviet Union, and I think people now accept with resignation the fact that they are going to be in this country for quite a long time.

There is some debate in Miami, of course, as to whether or not many of them would go back if they could. Quite frankly, I rather doubt that they would. We are now talking about second generation Cuban-Americans who are certainly very, very comfortable in this country and for good reason. They have made a very, very good adjustment and contribution to the community.

Representative SCHEUER. Thank you very much.

Ms. Bogen, I'd like to ask you a few questions about your testimony. Since I come from New York your testimony was especially interesting for me.

You mention that New York's immigrants have not overwhelmed the city's social institutions nor its physical infrastructure and that the city has sustained a net loss of 800,000 residents between 1970 and 1980 and that this loss would have been greater without the immigrant influx.

It's generally perceived that the immigrant influx has burdened our educational system—if you want to say hurt it, that's a judgmental phrase—but have burdened it with extraordinary problems—language problems, incentive problems, behavior problems, violent crime in the schools, high rates of out-of-wedlock pregnancy, high rates of drug use. The same phenomenon has affected our public transportation system.

It doesn't seem fair to say that immigrants have had no part in the problem of crime and drugs that have burdened our public transportation system.

You say that the population loss would have been more than 800,000 if it hadn't been for the influx of illegal aliens.

Ms. BOGEN. Not illegal aliens.

Representative SCHEUER. Excuse me—of immigrants.

What would have been wrong having a reduction of 1 million or 1½ million and of keeping New York more primarily a city of people with English language skills, with at least high school education, literacy skills, job skills, a city that was more integrated and more assimilated than it is now? What would be wrong with the city contracting rather than let's say maintaining its size with a large influx of low-income, low-skilled, low-literacy population with very significant behavioral problems that they brought with them of drugs, violent crime, out-of-wedlock pregnancy, and a very high rate of high school dropouts? For the Hispanics we've heard that it's approximately 50 percent. Why is that influx of people into our city looked upon as a positive good?

Ms. BOGEN. Well, first of all, I would be surprised if it turned out that there were huge disproportionate numbers of immigrant children making problems in the public schools. I think that it is true—and certainly the city recognizes that it's Hispanic students in general that have a lot of difficulty, especially in the area of dropout rates, but most of them are Puerto Rican. They are not immigrants. And sometimes you get a distorted view of what's happening with immigrants because people are looking at the Hispanic group as a whole.

Now on the subject of crime, I don't think there's any doubt that certain immigrant groups or subgroups have been a crime problem for New York City. Obviously, some of the Mariel Cubans posed a very serious problem in crime in New York. It is also true that there is some number of Colombians who perhaps are not really residents but are merely commuters.

But if you look at the overall statistics, you would find that on the whole immigrants contribute proportionately less to New York City crime than nonimmigrants. So that, yes; there are problems that need solutions among immigrants, but that doesn't mean that they are any worse than the native born. In fact, they aren't.

Representative SCHEUER. Do you have any hard statistics to back that up?

Ms. BOGEN. We have some statistics from the New York Police Department. We did an analysis of arrest records for a 3-month period in 1984 using the police data, which are flawed in various ways that I can tell you if you're interested in knowing, and it was in that study apparent that immigrants were about 10 percent of the arrested population, although they were 24 percent of the total population. So that they were being arrested at considerably lower than what their proportional rate would be.

Now those 10 percent are a problem and I would never say that they weren't, but it's only 10 percent; it's not 24 percent.

Representative SCHEUER. Well, that's very interesting and that's significant that their behavioral problems are less than the rest of the low-income, presumable low-education levels, low-skills level community into which they were merging. They, in effect, improved the behavioral level is what you're saying.

Ms. BOGEN. Yes.

Representative SCHEUER. Could you provide that study to us?

Ms. BOGEN. Yes.[1]

Representative SCHEUER. We will hold the record open for 5 or 10 days until that comes in.

I used to represent the South Bronx and I had the highest percentage Hispanic population in the country for a number of years and at that time I remember the Commonwealth of Puerto Rico telling me that many Hispanics, particularly Dominicans but others too, represented themselves to be Puerto Ricans because they apparently had an easier time qualifying for various New York City benefits.

Have you ever looked into that perhaps fraudulent claims by other non-Puerto Rican Hispanics that they were of Puerto Rican origin?

Ms. BOGEN. Yes. We're sure that that exists to some extent. We understand that the INS is being tougher about it or the State Department is being tougher about it in Puerto Rico because that's where the control is weak, in Puerto Rico. So the situation may be better than it was, but I don't think there's any doubt that at one point there were many Dominicans who were coming in through Puerto Rico, and that's why the crime figures may also be a little bit low because you may have foreign-born Hispanics who are identified as Puerto Rican rather than as immigrants. I couldn't tell you the amounts though.

Representative SCHEUER. You say on the last page of your testimony that the presence of large numbers of new immigrants requires some accommodation from the human services system in terms of language services and culturally appropriate services.

Can you tell me what they are?

Ms. BOGEN. Both of them, language and cultural?

Representative SCHEUER. Well, language services are obvious. I take it you're talking about bilingual education in the schools and——

Ms. BOGEN. I'm also talking about the availability of foreign language speakers in major city agencies where large groups of immigrants have to come to do some kind of business.

Representative SCHEUER. You also mentioned medical care to those who cannot pay, but you mentioned in your oral testimony that immigrants didn't impose stress on our Government institutions and Government services.

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[1] See Ms. Bogen's letter of response, dated June 9, 1986, beginning on p. 652.

Ms. BOGEN. I said actually that medical care was an exception.

Representative SCHEUER. How about education? Is that not an exception too, a major exception?

Ms. BOGEN. In one way, yes; and in one way, no. And the way no is, again, immigrant children, the children of immigrants, many of whom are native born, do not represent higher than their proportional number of school seats. Immigrant households are 28 percent of New York City households and the children of immigrants were 27 percent of the kids in public school. So they are not exceeding their proportionate share.

Now it is a fact that it costs a lot to educate children, that that's a very expensive service and, furthermore, it's expensive to localities because they pay a larger share of educational costs.

Representative SCHEUER. You mean it's expensive to educate immigrant children?

Ms. BOGEN. No. It's expensive to educate any children.

Representative SCHEUER. Well, immigrant children particularly I think it's reasonable to say that they need bilingual education and they need help in language skills.

Ms. BOGEN. It is almost definite that, even though the board of education doesn't count how many kids in their bilingual program are Puerto Rican versus how many are foreign-born Hispanics versus native-born children of foreign-born Hispanics—it is almost certain that by far the largest number of kids in the bilingual program are Puerto Rican.

Representative SCHEUER. Well, that may be true for New York. Let's leave that.

Ms. BOGEN. Yes; for New York.

Representative SCHEUER. I was the House author of the Bilingual Education Act almost 20 years ago along with Senator Yarborough of Texas, and I sponsored it, having in mind the needs of our Puerto Rican children, and he sponsored it having in mind the need of his Mexican-American children. So I suppose around the country the need for bilingual education would be overwhelmingly for immigrant children. In New York, because Puerto Ricans are Americans, it might well be that they are not immigrants, but looking at it as the national Congress, you would have to say that among the pluses and minuses, benefits and costs of immigration you have to count the cost of bilingual education as a cost, and we should do it. I thought we should do it 20 years ago.

What is a culturally appropriate service?

Ms. BOGEN. Well, that really means, for instance, in a medical facility that it would be helpful if the staff members are aware of a foreign culture's attitude toward health and health care because if they're not it very often makes it impossible for them even to interpret symptomatology correctly because things have different meanings in different cultures and errors can be made.

Representative SCHEUER. In diagnosis and in treatment?

Ms. BOGEN. In diagnosis and in treatment. It can be impossible to engage a family in treatment if the wrong methods are used. Very often, culturally sensitive medical facilities make a point of inviting important members of an ethnic community to participate. For instance, the more native health remedies are often incorporated into the treatment plan largely to produce compliance with a medical regime that's really going to be helpful.

If you intimidate people and force them to accept something totally alien, very often they won't take it even if it's a matter of life or death. They would rather go and try their methods.

Representative SCHEUER. Well, of course, when it comes to health today, you really can't force them to do anything. You can urge them.

What is the posture of the New York City health system on giving family planning assistance to Hispanic women, Hispanic mothers, Hispanic females who come in?

Ms. BOGEN. It's available to them, of whatever immigration status.

Representative SCHEUER. I'm not talking about sheer availability. I'm talking about counseling. I'm talking about advising them, about the advantages to themselves and their already born children on the benefits of controlling their fertility and reducing their family size goals from what might have very well prevailed in their country of origin.

Ms. BOGEN. I don't know the answer to your question. It's an interesting question but I don't know the answer.[1]

Representative SCHEUER. Would you give us some information on that?

I just came back from a conference in Zimbabwe, the first ever parliamentary conference on population and development there. It was sponsored by the Parliament of Zimbabwe and the Global Committee of Parliamentarians on Population and Development, on which I serve as chairman, and for the first time we had major statements by African leaders, by the President of Senegal and the chairman of the Organization of African Unity, who said absolutely that family planning and population control—rational population policies, reduced family size goals, is a quintessential precondition for success in all of their wanted development programs for health, education, housing, and especially job development.

The Prime Minister of Zimbabwe said the same thing. The President of Tunisia said the same thing. And that's a continent that has enormous cultural baggage and it was heartening to those of us who were there that they seemed to have crossed the rubicon and had a virtually unanimous consensus of the leaders across the continent that they had to engage in effective population policies.

And there was a very interesting I thought op-ed piece in yesterday's New York Times on this conference. My modesty prevents me from identifying the author.

Professor Bean, your study concluded that immigrants really don't displace native workers, but we had testimony a week or so ago from Ray Marshall, we heard from Governor Lamm, they all said there is displacement and it's real and we're kidding ourselves if we believe that millions of illegal immigrants coming here desperate for jobs and willing to work at cutrate wages and cutrate working conditions don't displace Americans.

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[1] See Ms. Bogen's letter of response, dated June 9, 1986, beginning on p. 652.

What explains the difference between the evidence you have adduced and what seems to be a very considerable consensus that there is displacement, that it's real, that affects the standard of living and the job opportunities and the quality of life of low-income legal immigrants and American citizens, mostly but not entirely minorities—Hispanic and black?

Mr. BEAN. Well, several things. To my knowledge, ours is the first study that has actually been able to use data, although they are aggregate data, on the relative number of undocumented Mexicans in metropolitan labor markets across the country, and basically we find very little effect.

I didn't put it in my testimony, but we find essentially the same pattern in both California and Texas. I can offer a personal opinion.

Representative SCHEUER. Please do.

Mr. BEAN. I think in part it's because it's such an idea that makes so much sense, that if you have another new person coming into a labor market or into a work situation under static conditions, under equilibrium conditions, somebody has to be displaced.

Representative SCHEUER. Sort of the post hoc or ergo propter hoc argument?

A legal immigrant comes in and therefore somebody has got to be displaced.

Mr. BEAN. I think if that's all that's going on, perhaps that's the case. There's a recent study done by the Government Accounting Office that comes to that conclusion.

But there are a number of other possibilities I think that are ignored in that study and that have been left out of the reasoning process when people look at the effects of immigration. It is possible that some jobs are saved by virtue of undocumented immigration, albeit perhaps at a cost of industrial modernization and competitiveness. That's another question. It's also possible that for every job saved there are others created in order to serve the undocumenteds. The whole economic process I think is one that is a little more complex than has been sometimes thought. Anyway, I don't particularly myself have a position on this one way or the other, at least in advance of looking at these data, but when we have looked at them—and I really think it's probably the best evidence that has come out so far—we don't find any effect.

Now our data are from 1980 and we are already in 1986. I would not want to conclude necessarily that we should not have reforms in immigration policy, nor would I want to conclude that the same results would obtain if the volume of undocumented immigration increased. But I think sometimes the whole question of displacement and effects on wages and the numbers involved has been blown out of proportion. I think there are other good reasons to implement some reforms in immigration policy and if I could just add one footnote, I have not heard much talk today—and I think this is very important—maybe there was some in the other hearings—about what happens in Mexico. I think it's clear that there is a crisis in Mexico and if the United States were successful in hardening the border through employer sanctions or through some other mechanism, perhaps some benefits would result from that. We might end up with a situation—and I don't say this to suggest that immigration reform should not be passed, but we could end up with a situation where we're confronting thousands and thousands, perhaps hundreds of thousands of economic refugees from Mexico rather than labor migrants which has been the tendency in the past.

Of course, immigration reform cannot deal with that problem, but you asked somebody else what do we need to do to really deal with this situation in the long run, and I think Mexico is a very special case for the interests of the United States. And the reasoning that applies to immigration from Asia and from other countries just is different than that which applies in the case of Mexico. Mexico has a large population. We have a large border with Mexico. And I think unless there's some economic development that can occur there and some attention can be given to how that can be brought about, then we might end up successfully closing the border but not necessarily solving the problem.

Representative **Scheuer**. Well, we're not going to solve Mexico's problem by closing the border, but we will certainly solve our problem and we will force Mexico, I would think, to begin to look—it would force Mexican Government officials at top levels and opinion leaders there to look at their own problem and to find out why, even as one of the few developing countries that are oil rich, they have had such problems of economic disarray and why the social contract in Mexico seems to be falling apart. They're having state elections in which a clear majority of voters seem to be coming out against the PRI, and the PRI simply won't permit those elections to stand. There's widespread fraud and each election begets an increasing opposition to the PRI in the next state election which begets an even greater order of magnitude of fraud.

The Mexican Government is suppressing its opposition. The state elections would be virtually all won by the opposition parties down there, but the Mexican Government isn't permitting that to happen. There's political iron fist. There's gross maldistribution of wealth and resources with a top stratum of the very, very rich and very little middle class and masses of poor people. With all of that oil wealth, why hasn't Mexico been able to get its act together?

I went down there with a congressional delegation 5 or 6 years ago and we saw the President of Mexico who was at that time De La Madrid, and I begged him to use some of that oil wealth, to set it aside to create some job intensive industries to provide employment for Mexicans, and I spelled out to him the fact that Mexico had maybe 600,000 or 700,000 new entrants coming into the job market, entrants that were already born. It was predictable, inevitable, inexorable. And the fact is that they had never produced more than 200,000 or 250,000 jobs, and I urged him to engage in some widespread labor-intensive job creation and to eschew the capital-intensive model. What Mexico is in desperate shortage of is capital. They are exporting their capital to numbered Swiss bank accounts, the elites in Mexico, and what they have a pitiful, painful, desperate surplus of is labor. Yet the Mexican elites are constantly promoting capital-intensive development schemes. It's almost an assault on the practical challenge that faces Mexican society which is to find jobs for their people. It's an insulting assault on their people and the Mexican Government has done virtually nothing about this.

Perhaps if they knew they couldn't rely on the United States as a safety valve to take their 500,000 or 600,000 or 700,000 people who couldn't find jobs every year, that they might adopt the stratagem, "Physician, heal thyself." They might be forced to look within themselves and come up with distributional policies that would be fairer, that would be more equitable. They might decide they had to have a fair income tax system. They might decide they had to stop the exodus of capital to numbered Swiss bank accounts and start investing that money to produce jobs for Mexicans and they might be forced to do a lot of things. But right now, they don't have to do any of that. They may be on the verge of revolution, but they think they have it easy. They think that they have no problem because their excess population simply gravitates north over the border and it seems to be a matter of public policy down there to encourage that in every way possible.

So, frankly, I think that as far as the well-being of the Mexican masses is concerned, the first precondition for concentrating the attention of the Mexican Government on stopping their capital outflow and improving the quality of life of the Mexican masses, on achieving a vast improvement in the distribution of goods and services, a redistribution of capital, redistribution of income, achievement of a fair tax system, getting away from this outrageously irrelevant pattern of capital-intensive industrial development rather than labor-intensive enterprise, particularly in rural areas, until we close down that border, I just don't think there's going to be any incentive for them to bite the bullet and make the hard decisions that they are going to have to make.

One last question, Ms. Bogen. You state that the city derives great benefit when immigrants are willing to work at the minimum wage.

As I understand it, you can't really raise a family of even two or three in New York City on the minimum wage. Would you contest that?

Ms. Bogen. No; I think it's a very difficult situation.

Representative Scheuer. Right. You can't do that and, in effect, anybody who's working at the minimum wage, any wage earner who's the head of a family in New York City who's working at the minimum wage, has to enjoy public subsidy.

Ms. Bogen. No; or a spouse who's working. Very often what you'll have in an immigrant household is three wage earners. And with three wage earners in a household working at the minimum wage you can live.

Representative Scheuer. You can live with three wage earners at the minimum wage. Would you say that a good many immigrants working at the minimum wage are on welfare and enjoying some kind of public assistance?

Ms. Bogen. No; I wouldn't say that.

Representative Scheuer. You wouldn't say that?

Ms. Bogen. No.

Representative Scheuer. You may be right. To me, it seems that in a high-cost city like New York you're not achieving anything very good for the city to have a large number of people working at the minimum wage. They really can't make it.

Ms. BOGEN. That point I think was only made in connection with the idea that it kept the garment industry here. Certainly we wouldn't want to see any large number of any families working at only the minimum wage and having to have so many wage earners in the family. It's certainly not desirable from that standpoint. All I meant was that looked at in the most hard economic light you could say that it works to the city's advantage, let's say to the advantage of New York City's garment industry that people will work for low wages, or to the advantage of its restaurant industry that people will work for low wages. If you consider the human cost, it's something else.

Representative SCHEUER. Well, let's take the restaurant industry or let's take the hotel industry. The garment industry is something else because the garment entrepreneurship and the garment industry capital can flee. It can go to Asia. It can go to Mexico just across the border and enjoy significant tax benefits. So you may have a point with the garment industry.

But let's take the hotel and restaurant and laundry and other low-income, low-paid jobs. Why shouldn't the hotels and the restaurants and the laundries raise their prices 5 or 10 percent and pay people a decent living wage, which for New York City has to be significantly more than the minimum wage?

Ms. BOGEN. I agree with you.

Representative SCHEUER. What's so hotsy-totsy about having large numbers of low-income people living at the sharp edge of poverty in New York City? I think I would be happy to have our tourists and our business people who may, pitifully and tragically, only be able to deduct 80 percent of their $50 dinner bill from their income taxes—that has to be enough to make tears come to the eyes of every person in this room—they may only deduct 80 percent. Supposing they had to pay another couple of dollars for a meal to pay the labor in the kitchen, the dishwashers, the waiters, everybody. Supposing it cost another 5 or 10 cents to have your shirt cleaned or another 50 cents to have your suit cleaned. Supposing it cost another $2 or $5 a night on your hotel room, which is going to be over $100 a night anyway for most first-class hotels in New York.

Do you think people would stop coming to New York for the theater and concerts and opera and business center of communications, the center of practically everything that's creative in the arts and sciences and communications—would people stop coming there? Would it affect our commerce, our industry? I don't think it would one whit.

Ms. BOGEN. I think you're absolutely right and I think that sentence should be taken out of my testimony.

Representative SCHEUER. I think these industries are getting away with murder. Oh, of course, it was taken out of context.

Ms. BOGEN. No; I said I think that sentence should be taken out of my testimony. I think you are 100 percent right.

Representative SCHEUER. Oh, all right. You've given me a perfect closing statement. It's after 1:30. You poor people have been here since 9:30. That's 4 hours. You are entitled to time and a half for overtime and a purple heart with oak leaf clusters. I really appreciate your patience and tolerance and your very forthcoming testimony.

I thank you very much for your forebearance. You have given us very wonderful testimony and I regret again that this hearing was originally set on a day when Congress was scheduled to be in session when this whole place would have been filled with colleagues eager to absorb your every word and benefit by them and, unfortunately, we changed our schedule not more than 5 or 10 days ago to extend the Memorial Day recess by a week, so that my colleagues are in their districts representing their people and doing the Lord's work. Otherwise, they would have been here and I'm sure they would have benefited as much from your fine testimony as I have. Thank you very much.

The subcommittee is adjourned.

[Whereupon, at 1:35 p.m., the subcommittee adjourned, subject to the call of the Chair.]

[The following letter of response was subsequently submitted for the record by Ms. Bogen:]

DEPARTMENT OF CITY PLANNING
CITY OF NEW YORK

OFFICE OF IMMIGRANT AFFAIRS

RECEIVED

WASHINGTON OFFICE
JAMES [illegible] M.C.

June 9, 1986

The Hon. James Scheuer
Congress of the United States
Joint Economic Committee
Washington, D.C. 20510

Dear Congressman Scheuer:

When I testified before the Joint Economic Committee on May 29, you asked me to provide you with information on a couple of points that came up in discussion.

First, you asked for data on the crime rate among the foreign-born. A study by City Planning showed that in the first three months of 1984, 12.7 per cent of misdemeanor and felony defendants in New York City identified themselves to police as foreign-born. Census data for 1980 showed that the foreign-born made up 23.6 per cent of the population. Therefore, if the foreign-born were only 12.7 per cent of arrests, they were considerably underrepresented. It is probable that there was some undercounting of arrests of the foreign-born since some foreign-born persons may have identified themselves as natives (presumably, some foreign-born hispanics passing as Puerto Rican). But it is also likely that the foreign-born made up considerably more than 23.6 per cent of the population since undocumented aliens were considerably undercounted in the 1980 Census. The two kinds of underreporting may cancel each other out, leaving the 12.7 per cent figure fairly close to accurate.

The city's arrest data tend to be supported by the results of an October 1984 state prison census. In that month, 7.7 per cent of state prison inmates reported having been born in a foreign country. Again, there was probably some under-reporting, but the incarceration rate for the foreign-born would still be far below their proportional share.

Second, you asked for information on family planning outreach. The Department of Health and the Health and Hospitals Corporation both provide family planning services to the foreign-born, either free or on a sliding fee scale. Generally, clients seek these services on their own, but there is an outreach program at Kings County Hospital designed to bring Haitian women into the hospital for prenatal care. The purpose of the program was to reduce the

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Elizabeth Bogen, *Director*

exceptionally high infant mortality rate among Haitian women by giving them adequate prenatal care, but the program serves many other functions, among them family planning.

Also as discussed on May 29, I would appreciate it if you would delete the last chapter on page 7 of my testimony. You were entirely correct that this paragraph was poorly thought out.

If there is any other information I can provide, please let me know. I appreciate having had the opportunity to present New York City's testimony to you.

Yours truly,

Elizabeth Bogen

Elizabeth Bogen

EB: